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## Near East/South Asia Report

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10 SEPTEMBER 1986

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THERMAL, HYDROELECTRIC PROJECTS DETAILED

Rabat AL-BAYANE in French 26 Jul 86 p 2

[Article: "Thermal Power Output Gains Over Hydroelectric Power"]

[Text] The board of directors of the National Electricity Office (ONE) met last Tuesday under the chairmanship of Mohamed Fetah, minister of energy and mines.

During the meeting, the board examined the activities of the ONE for 1985 and the first 6 months of 1986, and also expected equipment needs for 1986-1990.

As regards 1985, the production of electrical energy totaled 6.525 billion kilowatt hours, an increase of 6.7 percent by comparison with the preceding year. Thermal power output made up 92.6 percent. Hydroelectric power output provided 7.4 percent as compared with 6 percent in 1984.

For the first 6 months of this year, the production of electrical energy registered an increase of 6.6 percent compared with the same period in 1985. Production estimates for the year as a whole come to 6.980 billion kilowatt hours, of which 91.4 percent will be from thermal sources.

Where equipment needs are concerned, the program chosen is being actively followed, particularly in the case of the Amouggez hydroelectric station, the Casablanca dispatching station, and the development of the national network for the conveying of electrical energy.

As concerns the development of the distribution network, efforts have been made for the electrification of various urban and rural centers. In this context, special measures continue to be made to supply the Saharan provinces. The program thus realized deals particularly with upgrading and developing the distribution network of the cities of Laayoune, Es-Smara, Tarfaya, and the construction of new production plants in Dakhla, Es-Smara, and Tarfata.

In addition, the Laayoune, Es-Smara and Dakhla new power station projects are continuing at a normal pace.

The large national rural electrification project has seen the completion of an initial quota of 259 centers distributed among 20 provinces.

As regards the preparation of the next sections of this plan, identification and evaluation studies have been carried out for 1,600 new rural centers.

Moreover, a large number of studies were begun to make possible the most efficient use of national energy resources. These studies mainly involve the completion of the technical files for the hydroelectric facilities that remain to be realized.

Feasability and site studies for the first electronuclear power station begun in June 1984 continue to make progress, and several potential sites have already been chosen.

The overall amount of investments made during the 1981-1985 5-year plan total 3,601 million dirhams, including 2,634 million as part of the general program, 365 million for the national rural electrification project, and 71 million for the Saharan provinces.

At the end of the board's proceedings, the minister of energy and mines and the ONE's directors paid an information gathering visit to the Casablanca dispatching station which will soon begin operations and which, due to its modern design and highly developed computer equipment and methods, will make it permanently possible in real time to oversee and control the entire national electrical network.

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OIL EXPLORATION PROJECTS REPORTED

Rabat AL-BAYANE in French 31 Jul 86 p 3

[Article: "ONAREP Invested 1.5 Billion Dirhams in Oil Exploration in 1985"]

[Text] Two working sessions chaired by Minister of Energy and Mines Mohamed Fettah, were held on 23 June and 28 July this year at the National Agency for Petroleum Exploration and Production (ONAREP) in Rabat, bringing together the organization's administrative committee. The sessions were spent studying the agency's report on its activities, the books for the 1985 fiscal year, production figures for the 1981-1985 period, and the plan of action for 1986-1990.

The agency's 1985 activities were distinguished by several noteworthy facts. First, ONAREP has begun work developing the Meskala gas condensate deposit, and is going ahead with gas production from the Toukimt deposit in the same area, in order to supply the phosphate processing plant in Youssoufia with gas.

Similarly, oil exploration has continued and has been extended to new areas (Guercif, Hauts Plateaux, Gharb, Doukkala, Essaouira Tant Tan, and Dakhla both onshore and offshore). Synthesizing studies were begun concerning the...[part of text missing] in cooperation with the Petrofina company recorded the discovery of a gas pocket in the Gharb area.

The effort to promote oil exploration resulted in four new agreements with the Largas, BHP, Pennzoil, and CIPC companies in the Ifini Maritime, Dakhla Maritime, Hauts Plateaux, and Doukkala Terrestre areas respectively.

Involving the processing of oil shale, the pilot plant designed to test the T3 method of oil shale pyrolysis has begun operations. Work on the Tarfaya shale development studies was continued with the Shell company, and a cooperation agreement was worked out with the German KWU [Kraftwerk Union] company to develop shale processing operations. Considerable effort was made in personnel training.

Altogether, in 1985 ONAREP spent a budget of 500 million dirhams, making possible the realization of 16,579 meters of drilling, and 3,039 km in sonar exploration.

At the same time, the partners drew up a 385 million dirham budget to cover 10,945 meters of drilling, and 2,015 km of sonar exploration. For the Office's



1981-1985 period of activity, ONAREP invested 1.5 billion dirhams for oil exploration, involving geological, sonar, development, and drilling operations. Thirty drillings were carried out using the Office's own means. During the same period, the development effort led to the conclusion of 12 agreements with oil companies. The partners invested 1.5 billion dirhams in exploration, and 21 drillings both onshore and offshore have been carried out.

For the same period and on the basis of 1986 prices, the value of discoveries of gas and oil in the Essaouira and Gharb areas totals 1.6 billion dirhams for ONAREP and 500 million dirhams for the partners.

For the 1986-1990 plan, ONAREP activities, while continuing to be deployed in the northern basins, will be increasingly oriented towards the southern areas whose extent and potential offer broad scope for oil exploration in our country.

Priority will still be given to investments by oil companies which take the risks of exploration. Promotion of oil prospecting will receive greater and greater attention.

This is all the more difficult (but necessary) in that the international oil situation is not favorable to exploration operations, and in that oil companies will be more and more careful in choosing new areas for exploration.

Work will continue with production of gas and condensate from Toukimt and Meskala and the Gharb gas pockets, and will generate growing financial resources for ONAREP. For each new discovery, where gas is concerned, commercial development will quickly follow in relation to the existence of a profitable market.

As regards oil shale, ONAREP will slow its own investment at the conclusion of the tests at the Timahdit pilot plant. It will continue with and seek to develop its cooperation with foreign partners, particularly Shell, with the Tarfaya project.

Finally, efforts will be pursued to develop human resources and organizational structures to improve our technical and administrative expertise, and to upgrade our efficiency.

On the financial level, the total for exploration, production, and equipment investments will rise to 3,495 million dirhams, to which 987 million dirhams will be added for service on the debt. Thus the overall cost will be 4,482 million dirhams at today's value, or 3,838 million dirhams for 1986, compared with 2,313 million for 1981-1985.

For ONAREP partners, planned investments are expected to total 2,516 million dirhams at today's value (compared with 1,147 million for 1981-1985). At the conclusion of its proceedings, the committee decided to approve the accounts for the 1985 fiscal year and the 1986-1990 draft plan.

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DARFUR DAM PROJECT FOSTERS LOCAL INITIATIVE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jul 86 p 9

[Article by Klaus Otto Nass: "Working on the Dam Strengthens Women's Self-Confidence--Development Aid Project in Darfur Region--After the Elections, Before the Rains--Poverty can be Reduced only in Times of Peace"]

[Text] Al-Fashir, July--The Darfur Region has a long way to go to recover from the drought and famine which befell western Sudan in 1984 and 1985. Nor were last year's crops sufficient to cover the annual requirements of the Darfuris. Thus food distributions are continuing, particularly for those areas which during the forthcoming rainy season will be cut off from the rest of the world, because this summer there will not be another airlift. Aircraft are the most expensive transport vehicles.

One part of the grain being distributed comes out of Sudanese production, because the last crop resulted in surpluses in the eastern Sudan and a shortfall in the west. The EC was the main contributor of funds which enabled the state to purchase in the east what is needed in the west, thus reducing the need for imports. Nevertheless, deliveries of foreign food items continued flooding into the country, even though the Sudan is capable of feeding for itself. These imports constitute a danger to self-sufficiency this year and next, because they cause a drop in market prices and thus rob many a farmer of the incentive of planting more than he needs for himself.

Distributions for human consumption in Darfur and Kordofan, the two western provinces, include not only grain, but also seeds for peanuts, karkadeh and sesame; in other words, products which can provide additional profits for the producer. The farmers do not receive the seed free of charge, but rather as a loan in kind which must be reimbursed after the crops are in. The system of government purchases, storage and redistribution which has resulted from the emergency should become a model for agricultural policy which should finally take its rightful place in the economic and domestic policies of many African countries. The mechanism of market intervention (which is not working in the EC because the EC pays the farmer a guaranteed price for his agricultural products which, based on requirements, is far too high) cannot save African agriculture from government neglect: a purchase of the products at that lowest price which is sufficient and required to interest farmers in planting



quantities greater than those for their own needs. Obviously, agricultural crops in the Sahel depend upon the weather to an even greater degree than they do in Europe. If it does not rain, the seed does not germinate. Other hazards to the crops include rains which do not cover a whole region and which are not evenly spread throughout the season, and insect damage. But the prospects for the rainy season which is to start in early July are not bad at all. The white blossoms on the huge, greening tabaldis trees (baobabs) in the southern Darfur Region are a hopeful sign. Also, after the rainy season of 1985 large areas were covered with green grass for the first time in many years, which even lasted until the summer of 1986.

This in turn gives rise to hopes for a certain amount of regeneration in areas which had turned into desert. Apart from rain, the violated environment needs something else to recover: no farming and no grazing by animal herds which completely defoliate everything in the endangered zones. The north-south migration of hundreds of thousands of Sudanese, and the millions of cattle killed by the drought, are providing nature with an opportunity to slow down the encroachment of the desert, to stop it or even reverse it.

Just in time before the start of the rainy season, two dams have been completed in the two Sahel villages of Kirwa and Madu in the Darfur Region, between narrow, rocky wadi banks. Until now, the dry river beds, which within a few hours become roaring streams, have carried the water past the two villages. The two small dams are designed to hold water for a few months, raise the ground-water level, and facilitate agriculture. The villagers, guided by an engineer from Lower Saxony, have built the dams by hand, using sand and rocks. Only the concrete had to be brought in from far away by train and truck. The workers were paid by the Darfur Region government, rather than by the German project director, since payment by foreigners can only create problems. Either the workers think it too low considering the financial status of the "provider," or else it is too high compared with the regional level of salaries, thus upsetting the entire earnings structure. Apart from DM 3 for 9 hours of work per day, there was also food: millet, sugar and oil from the stocks of several international organizations and sometimes even meat. Food-for-work programs of this nature, contrary to free distributions, contribute to a structural improvement and do not condition the recipients to an expectation of continuous aid.

#### The "Umdah" Transports the Workers to the Construction Site

Most eager among the workers were the women, who carried sand in bowls on their heads and rocks under their arms. After some initial hesitation, they liked this work for pay, because the German project director, Polier, quickly gained their confidence. The common effort strengthened the women self-confidence and thus contributed to a lowering of their dependence upon their husbands. For thousands of years all the women had even done there was to work in the house and in the fields for their own needs. Now they were bringing home food and money which they had earned themselves.

If the government picks up on this initiative, these people will clean their dam of sediment and flood debris prior to the next rainy season. It is their dam, not a present from anonymous foreigners who are expected to return and take charge of the situation.

But government authority is weak in the Sudan as well. For the first time since the country became independent, i.e., in 30 years, these villagers have seen their government in action with the building of the dam. They still live largely under the dominance of their tribal chiefs, (the "um,dahs"), sheiks and sultans. The Darfur Region is about the size of France; the Sudan is almost as large as the total territory of the EC, and the government is far away. The tribal chiefs, who have judicial authority, hold all the power. It is not the director general of the government's rural water supply who brings people to work--it is the local umdah. Anyone who fails to appear is threatened with the loss of a sheep or some other form of punishment. This was the origin of the joint project, which was initiated by slaughtering a camel, riding performances, dancing and singing.

The central government in Khartoum hardly knows anything about such development projects. Their financial volume is so small that they are hardly suitable for negotiation with major "supporters." But they are of direct benefit to the rural population. Since the Sudanese have within one year toppled a dictator and replace the transitional government with a legitimate democratic government, the regions have attained greater importance than ever before. A dictator is more likely to get away with neglecting the rural regions in favor of the capital and to deny the existence of famine until it can no longer be hidden from the world. In the new Sudanese parliament, elected by a majority, all areas are represented (with the exception of some electoral districts in the south). The strongest party of the government coalition, the Ummah Party, needs the support of its 34 delegates from the Darfur Region. Thus democracy leads away from centralism almost by necessity.

Nevertheless, the future extent of regionalization or federalization is not yet known. The parliament in Khartoum, which acts simultaneously as an assembly for creating a constitution, will deliberate on this question, which is an essential one for those African states having multiple nationalities. As in all federal systems, the deciding factor will be the allocation of financial resources: central budget allocations or regional sources of income? But what could they consist of in a country in which products for foreign trade are the primary source of revenue? There can be no toll collections, because there are no roads; to collect taxes on cattle would require a management body capable of counting the herds.

The UN High Commissioner for Refugees has eliminated some--but not all--refugee camps. Refugees from Chad are settled on this side of the border; others were given food for the journey "home" and sent back over the border. The same people or others may return to the Sudan within a few weeks. Africa's refugee migrations are not primarily caused by climatic considerations, but by politics. People fled turbulent Chad and Ethiopia to the east to get away from hunger and civil war. The refugees in the eastern Sudan may soon become a crucial problem for the domestic tranquillity of their host country--not because they themselves might engage in unrest, but rather because the new Sudanese government could take up negotiations with Addis Ababa, the location of the headquarters of the resistance movement of the Sudanese South. Not only the Sudan's neighbors to the east and west, but the largest African state itself is beset by civil war. At this time nobody knows how al-Sadiq al-Mahdi, the new legitimate democratic prime minister, may be able to bridge the gap running across his country. Only if peace returns will the rain, which everyone is looking forward to, be able gradually to reduce poverty in the Sudan.

TECHNOLOGICAL COLLOQUIUM, EXHIBITION REPORTED

Tunis DIALOGUE in French 28 Jul 86 pp 26-29

[Article by Wajdi Saihi: "A Forum for Ideas, Projects, and New Markets"]

[Text] At the Monday inauguration of the Tunisian International Exhibition of Electrical and Electronic Components at the Exhibition Palace in Monastir, the Supreme Soldier made a point once again of renewing his confidence in the know-how of Tunisian technicians and reaffirming his encouragement to all young people who desire to become entrepreneurs.

On Thursday, Rachid Sfar, prime minister and PSD [Destourian Socialist Party] secretary general, presided over the exhibition's closing ceremony.

Inaugurated last Monday at the Exhibition Palace in Monastir by the Supreme Soldier who once again made a point of showing all the interest he has in the mastery of new technologies, the Tunisian International Exhibition of Electrical and Telecommunications Components and Equipment, baptized SITEL-86, proved from 21-25 July to be a real technical and economic center of attraction, and an authentic forum where developers, financiers, officials and young technicians met to discuss, analyze, confront, suggest, and above all dare with the goal of imbuing our industrial structure with a new dimension, that of manufacturing, creating, and conceiving. In short, it was the meeting providing for the exchange of ideas which have the task of laying down the future new bases for industrial renewal turned resolutely towards creativeness, competitiveness, quality, and export.

The procedure adopted by the Exhibition expressed this outlook in this way in that the first section, made up of the presentation itself, on the one hand gave an idea of the already marketable product, and on the other its various components in exploded form, the main goal of this event. In this regard, we may cite as example the telephone station and refrigerator that the Investment Promotion Agency (API) not only reproduced in a brochure indicating the various parts, both specific and multipurpose, but also their uses. This means that in addition to visual recall, here they tried in some way to provide an aid to the memory capable of recreating the image, and also to convey the message to different destinations.

## Massive, Varied Participation

The Tunisian and foreign exhibitors, who numbered over 200 distributed among the 16 halls of the Monastir Exhibition Palace, constituted a real basis for dialogue where cooperation and an enterprising spirit joined forces in striving for quality and efficiency. First of all there was discussion of the industrial fabric already in place which contributes 18.7 percent to the whole, and which also offers potential that may reach 50 percent of the total. Then there was the much appreciated Maghrebian presence, with seven exhibitors from Algeria and nine from Morocco, which in itself expressed the prospects for the cooperation which may be available to our area in this sector, and which one ought to encourage especially in the area of research as Ali Maaref, general director for industry, remarked in his discussion in which he insisted that our countries must put together a body of specialists and technicians in the electronic sector, particularly as regards circuit design, engineering, testing, and the production of microchips, because the abundance of qualified manpower constitutes a special attraction for investors and experts. The other group present, no less important, was that of potential partners, particularly Spain, Belgium, Italy, France, the FRG, and Switzerland, who by their participation, not as sellers since the spirit of the exhibition was well defined, but as partners who, by virtue of the ties of cooperation linking them to our country, have had occasion to realize in detail the considerable potential of Tunisian know-how, and therefore presented a spectrum of the areas in which ties of cooperation and subcontracting may be established.

## One of the Exhibition's Attractions

Although the display part, the principal object of all shows, was a success in itself and provided a real repertoire of possibilities to be developed, nevertheless the fact remains that that was only one of the attractions of the exhibition. The participation of training and research institutions constituted the argument confirming the country's concern to involve young people in any development enterprise, and its faith in the talent of its men because as Habib Bourguiba Jr, member of the PSD Political Bureau and managing director of the BDET [Bank for the Economic Development of Tunisia], noted, "since its independence 30 years ago, Tunisia has banked on the development of its human resources since it is so true that man is the source of wealth." The training and research institutions present were there not only to indicate the inevitable link between the generations, but also to confirm the country's determination to give full scope to technological expertise, and definitely to point the way to young people who have graduated from the various engineering and technical schools.

"Objectively," remarked Noury Chaouch, managing director of the Mechanical and Electrical Industries Technical Center, "to whom does this exhibition address itself if not to that section of potential developers who have just graduated from the various technical institutes or are on the point of doing so? They are therefore the primary targets and, if one may say so, one of the axes on which our activities are based."

"To give concrete form to the choice we have made to promote the components of the electrical and electronic industry, one must first try to bring together



those primarily concerned, namely the developer who, in the context which interests us, can only be a young person who has graduated from our schools and universities, and the financing institutions and personnel organizations. In this exhibition, we have the pattern constituted by the exhibition itself, with exploded models, a good number of young technicians and researchers, development bank representatives, and the technical (CETIME, INNORPI) and economic (API [Investments Promotion Agency], the Trade Office, CEPEX [Exports Promotion Center], CNR and CNEI [National Industrial Studies Center]) framework. This means that the presence of the university, which provides industrial circles with a window on research, is dictated just as much by reasons of effectiveness."

#### Information Disseminated

The show was certainly made up of the exhibition and the presence of potential partners, but it was also an opportunity for establishing new ties thanks to the Partnership Center which for the duration of the exhibition showed a film provided by major manufacturers such as Telephonica of Spain, Bull of France, Arabtel of Tunisia, and IBM and Chrouen of France.

The information disseminated during the exhibition was truly a source of enrichment, and was also one of the features drawing most attention.

The other feature of the exhibition, organized to run at the same time, was the symposium in the Exhibition Palace which contributed greatly in the exchange of ideas and the definition of the various axes on which our industrial development strategy is based. On Tuesday, Habib Bourguiba Jr opened the symposium by appealing for a constructive dialogue to allow the country to equip itself with the necessary industrial means and organizations to undertake second generation projects drawing on more advanced, indeed more sophisticated technologies. In this regard, to show Tunisia's unshakable determination to pursue this undertaking, Habib Bourguiba Jr declared that "where there's a will there's a way, and your presence among us indicates your willingness to cooperate with us."

The first day was thus devoted to cooperation with the topic "Tunisia, your industrial partner." For this seminar, in which there were various contributions including those of CEPEX Managing Director Bouzid on export incentives, Ali Maaref took care of the audiovisuals and the various overheads on Tunisia and international financing, the institutional environment, and Tunisia and the EEC. The Maghreb and the Mediterranean, favored areas for establishing solid bases for cooperation, were also at the center of discussion, particularly the Maghrebian market around the year 2000, and technological transfer and the creation of jobs on the two coasts of the Mediterranean.

#### The Inevitable Research-Industry Link

Two discussion topics occupied the Wednesday proceedings. In the morning, the seminar led by Brahim Khouaja, minister of telecommunications, dealt with the industrial development of telecommunications, while in the afternoon attention was focused on industrial technology and development during a meeting led by Ismail Khelil, minister of planning and finance, in which there was discussion

of international subcontracting in electronics with concrete applications and already operational examples such as the Arabtel company.

Research, the university, industry, and their interdependence constituted the main topics of the Thursday discussion under the chairmanship of Amor Chedly, minister of higher education and scientific research. The addresses confirmed the necessity of establishing ties between the university and industrial enterprises. The speakers, whether university teachers or industry officials, emphasized once again that permanent, thought-out development could only be projected on the basis of solid cooperation between industry and research institutions.

Appropriately, the last day was devoted to youth which that Friday celebrated the 29 years of the republic. Hamed Karoui, minister of youth and sports, opened the proceedings during which there was discussion of the role of youth in the industrialization of the country and of the advantages which the institutions offered them so that they in their turn could be developers, without at the same time forgetting the role of some organizations such as the Young Science Club, and the Youth Offices.

Slaheddine Ben M'Barek, minister of trade and industry, presided over the closing of the symposium's proceedings.

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CSO: 4519/154

## RELIGIOUS GROUP CALLS FOR END TO RELIGIOUS LEGISLATION

Jerusalem THE JERUSALEM POST in English 17 Jul 86 p 4

[Article by Menachem Shalev]

[Text]

A recently formed group of rabbis and religious academics is calling for an immediate stop to all religious legislation.

The group, called Hagut (contemplation), comprises religious figures across the political spectrum. Its main objective is to "renew understanding between the religious and the secular."

At a press conference in Jerusalem yesterday, Rabbi Yehuda Amital of the Har Etzion *hesder* yeshiva (combining military service with religious instruction), said that "the general public must be liberated from the constant fear of new initiatives for religious legislation." He said the group believed that such legislation was, in most cases, "wrong from a substantive and national point of view, and very often counterproductive."

The group also called on the secular to "desist from attempts to undermine the status quo and to put a stop to the growing estrangement from the religious community."

The new group was established six months ago to combat the deterioration in relations between the religious and secular communities. Its 19 rabbis and academics include Hanan Porat, a founder of Gush Emunim; Prof. Michael Albeck,

president of Bar-Ilan University; Rabbi Ya'acov Ariel, head of the Yamit *hesder* yeshiva and one of the leaders of the movement to stop the withdrawal from Sinai; and Dr. Michael Rosenack of Bar-Ilan University, who is considered a "dove."

The group announced that it planned to present its proposals to the National Religious Party conference, which opens on Sunday. Dr. Daniel Tropper, chairman of the Gesher (Bridge) movement, said that he believed the NRP might adopt the group's proposals, "at least on an ideological level." Amital added that the religious community was "yearning for a new message from the NRP."

Amital also said that the group had received encouragement from some leaders of the *haredi* (ultra-Orthodox) community, "although for obvious reasons they cannot come out with this in public."

He said that Hagut representatives who had met with Knesset members were "surprised" by the positive reaction of the "religious lobby" to this new initiative.

In a pamphlet distributed at the press conference, the group states that the blame for the deterioration in relations between the various groups in Israel is shared by all. "No

group may claim 'our hands did not spill this blood.'"

The group also claims that the public exposure of the political battles for religious legislation – "which are amplified by the media to a national and international level – constitute "blasphemy on an unprecedented scale."

Rabbi Yoel Bin-Nun, of Ophra, said that the status quo, like so many other things in Israel, is based on arrangements reached some 40 years ago. He said that it might already be too late to initiate a constructive dialogue with the secular. He called on similar-minded secular groups to organize "so that we can start talking to each other right away."

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CSO: 4400/264



## ARMY EXEMPTIONS FOR RELIGIOUS STUDENTS

Jerusalem THE JERUSALEM POST in English 18 Jul 86 p 4

[Article by Aryeh Rubinstein]

[Text]

Aguda MK Menahem Porush yesterday excoriated the Likud and the Alignment for not having voted down Geula Cohen's motion to end the army deferment of students in non-Zionist yeshivot, whom Cohen had dubbed "enlistment refuse-niks."

Interviewed on Israel Radio about Agudat Yisrael's threat to leave the government, Porush cited that case as an indication of the coalition's contemptuous attitude towards yeshiva study, which he called the heart and soul of the Jewish people.

Actually, Defence Minister Yitzhak Rabin's reply to Cohen, last Wednesday, was almost all that Porush could have asked for. The deferment of yeshiva students goes back to the days of Ben-Gurion, he said, and nothing new had occurred to justify any change in policy.

Rabin's sin, in Aguda's eyes, is that he nevertheless agreed that the motion go to the Foreign Affairs and Defence Committee. But there, it may be safely predicted, the matter will not be taken up before November, and even then the debate will be followed by a decision to retain the *status quo*.

The real action on the subject took place on Monday in the Finance Committee, in a stormy discussion of the motion of Ya'acov Yosef (Shas), of last April, to raise the mortgage loans granted to yeshiva students to the level of those given to discharged

soldiers. The difference between the two is NIS 6,200 (NIS 13,300 as against NIS 19,500).

Yosef's arguments were that deferment is no exception, that most yeshiva students begin their army service by the age of 25 (he did not say how long they serve), that only in isolated cases is service deferred for many years, and that they are forbidden to work.

Yosef's Shas colleague, Shimon Ben-Shlomo, took up that last point and claimed that Housing Minister David Levy had said that the reason soldiers got a higher loan was that they did not earn money during their army service. If Ben-Shlomo was referring to Levy's reply to Yosef's motion, his memory was playing tricks on him: the Knesset computer confirmed that Levy had said no such thing.

Committee chairman Avraham Shapira called it a "blood libel" to say that yeshiva students don't serve in the army. He surprised committee members by saying that he himself had done so. He said he could point to many ex-yeshiva students who had attained high rank in the army.

Neither Shapira nor Yosef cited any statistics to support his assertions. And, although a representative of the Housing Ministry was present to clarify points of fact, there was no one from the Defence Ministry.

Shapira asked when the state would "stop discriminating between Jew and Jew." There were Jews who marry early, have many children, and live on bread and water. They were the "insurance policy" of the state. If the days of food rationing ever returned, would the yeshiva students be denied food?

Yair Tsaban (Mapam) noted that even those yeshiva students who do serve three years do so later than other soldiers, and therefore have fewer years of reserve duty.

The sharpest attack came from Haim Ramon (Alignment) who thought that "the disgrace" was the attempt to chip away at the special benefits awarded ex-soldiers. Last week Uriel Linn had presented a bill "to encourage *yerida*" (by exempting *yordim* visiting Israel from paying the travel tax). There was no money to enable ex-soldiers to complete their matriculation examinations, and now an attempt was being made to encourage the shirking of army service, he said.

The only criterion was army service, Ramon said, and he would defend the right of every yeshiva

student who serves three years to get the higher mortgage loan - after his service. He charged that the students of Yeshivat Toldot Aharon in Jerusalem ("who are forbidden to work") run the black market in Mea She'arim.

Yigal Cohen (Likud) supported Yosef's motion, but the general mood of the committee seemed to harden against it when Gideon Gadot (Likud) walked out during Shapira's speech. He explained that the day before he had attended the funeral of his nephew, who fell in the line of duty. And he could not bear listening to another word of Shapira's.

Yosef's chances of succeeding plummeted still further when Housing Ministry representative Amnon Ashuri said that, if higher loans were given to yeshiva students before they had done army service, they would have to be extended to the minorities, too.

Shapira decided to postpone the continuation of the debate, and the vote, to another session. Maybe then he will come with the statistics he failed to produce this week.

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## HEART TRANSPLANTS AROUSE RELIGIOUS CONTROVERSY

Jerusalem THE JERUSALEM POST in English 24 Jul 86 p 2

[Article by Menachem Shalev]

[Text]

Heart and liver transplants in Israel are being delayed by objections from ultra-Orthodox circles and uncertainty over the Chief Rabbinate's position on the matter.

Hadassah Hospital in Jerusalem, which was given Health Ministry approval to begin heart transplants over two months ago, is refraining from performing the operation because it is afraid of angering the ultra-Orthodox community. Ultra-Orthodox patients in Jerusalem use the Hadassah private medical service almost exclusively and are a prime source of income for the hospital.

The religious objections centre on the halachic definition of death. According to Halacha, the moment of death occurs when a person stops breathing. Clinical death, however, is defined as the moment when the brain stops functioning.

Livers and hearts for transplants have to be removed while the heart is still beating. According to most religious authorities, such a removal is tantamount to killing the donor.

*The Jerusalem Post* has learned that three months ago Dan Michaeli,

director-general of the Health Ministry, requested a ruling from the chief rabbis concerning the exact moment when a person is considered dead.

A month ago the Chief Rabbinate established a special committee of rabbis and doctors to try to resolve the halachic obstacle to transplants.

Aides to the chief rabbis said yesterday: "Whatever conclusions are reached by the committee will be accepted by the Health Ministry. If the committee decides that transplants are not permissible, we're sure that the ministry will understand and act accordingly."

Prof. Arye Dursk, head of surgery at Hadassah, said: "We don't want to start transplants until the problems with the religious are worked out. After all, they carry a lot of clout in this country."

Surgeons at Hadassah have reported receiving threatening letters from ultra-Orthodox elements "reminding" them that the ultra-Orthodox "do not approve of heart and liver transplants."

"We don't want to wake up and find the tyres on our cars slashed,"

said one doctor.

Hadassah spokeswoman Ruth Mekel said yesterday that the reason for the delay was that the issue of heart transplants "is not covered by the Anatomy and Pathology Law, which means that Hadassah would be open to all sorts of trouble with the law."

Michaeli, however, dismissed this claim and said that "if Hadassah finds a donor, they can perform a heart transplant tomorrow."

Rabbi Yosef Scheinberger, widely referred to as the "health minister" of the ultra-Orthodox community, told *The Post* yesterday that "if Hadassah will perform heart transplants, we will seek other places for medical treatment. 'But I'm sure,' he added, 'that they won't commit such folly. After all, we give more money to Hadassah than Haim Doron [chairman of Kupat Holim].'"

Scheinberger asserted that directors of Hadassah had assured him that heart transplants would not be carried out at the hospital. He dismissed any findings of the Chief Rabbinate committee as "just politics. It won't mean anything to us."

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## 'EAST FOR PEACE' MOVEMENT STILL STRIVING FOR COEXISTENCE

Jerusalem THE JERUSALEM POST in English 18 Jul 86 (Magazine) p 6

[Article by Daniel Gavron]

[Text]

"SMASHING the stereotype" was the title of a piece I wrote for *The Jerusalem Post* three years ago on the establishment of East for Peace, a movement which sought to refute the notion that Israel's Sephardi Jews were Arab haters. This aim, say the movement's leaders, has been achieved.

"No one can say that we are a barrier to peace today," declares Dr. Shlomo Elbaz, lecturer in French literature at the Hebrew University. "East for Peace is on the map."

"Today there is an awareness of our existence," affirms advocate Avi Bardugo. "We go beyond peace, towards coexistence with the Arabs - something the Ashkenazim can't really conceive."

Philosophy student Hezi Mahlev is convinced that the stereotype has been smashed, notably among university students, and poet Shelly Elkayam maintains that there is a "far greater social awareness" in the neighbourhoods and development towns, as a result of the movement's activities.

Bardugo compares the movement to a baby that has become a toddler. "When we started, everyone said, 'What a sweet baby!' But now we have started to walk, and of course we have fallen flat on our face several times. But we have learned from our mistakes."

"We have made many mistakes," concedes Mahlev, "but our basic concept is right; the mistakes have been organizational." He sums up

the aims of the movement as: peace, equality and cultural synthesis. Peace means of course, peace between Israel and the Arabs; equality refers to social justice in Israel, between Sephardim and Ashkenazim; and cultural synthesis is between Eastern and Western culture.

Mahlev refers with scorn to the Education Ministry's Department for Integrating Sephardi Tradition. "I don't need to be integrated," he protests. "I am perfectly capable of giving lectures on Kant and Hegel; I want a synthesis of the two cultures."

Shalom (peace), explains Elkayam, includes *shalom bayit* (domestic tranquility). "You won't get one without the other. Before we can have peace with the Arabs, we have to have peace between Sephardim and Ashkenazim." She adds that there must also be peace between religious and secular, "And we have a contribution to make to that also."

THEY ARE aggressive, sure of themselves, prompting me to challenge their statements and assumptions. In the 1985 elections, the Sephardim voted for the Likud in larger numbers than ever, I point out. They also voted for Meir Kahane, and for Shas, which turned out to be hawkish and reactionary. In the development towns, Kahane attracted twice as many votes as Lova Eliav. Recent polls show that the school pupils are even more reactionary.

"The whole country has moved right," notes Bardugo. "You can't blame us for that." He is lean, intense, fiercely articulate. The school polls prove the point that he and his colleagues are trying to make: the Sephardim were not anti-Arab; they learned their hostility to the Arabs here in Israel. "It is the young who were born here who show this hostility – not our fathers and grand-fathers."

Elbaz, benign, soft-spoken, white haired, mentions research projects carried out by the late Dr. Sami Mar'i of Haifa University, and a more recent one by Amiel Alkalai of New York University. Mar'i concluded that Sephardi Jews did not hate Arabs and Alkalai found that hostility towards Arabs among Sephardim increased with the youthfulness of the respondents.

All four leaders strongly reject the idea that Shas is a genuine Sephardi movement. "I don't understand it," confesses the serious, bespectacled Mahlev. "Our religion was one of joy, of celebration, not this black, reactionary creature of the ghetto." Elkayam agrees: "Our rabbis never wore those black suits."

Mahlev admits he is worried by Shas and wonders whether East for Peace, which is a pluralistic movement, should not sponsor a dovish, religious Sephardi movement. Elkayam suggests that rabbis and intellectuals get together to work out a more acceptable moral code, which would "allow the beauty of our religion to emerge." She talks emotionally, even passionately.

As the discussion heats up, it becomes clear that East for Peace is divided (in typically Israeli fashion) into hawks and doves over the question of its approach to the Ashkenazim.

Bardugo is very hawkish: "One lesson we should have learned is that we cannot go with Ashkenazim, except on limited, specific things. We always get a slap in the face," he says.

The Israeli-born lawyer, of Moroccan descent, left school early to work in Haifa port. After army service, he became involved with the Haifa Theatre, which brought him to Jerusalem. When he decided to study, he had to start from "well before bagrut."

Elbaz is a moderate. "The lesson I learned is not to go with extremists," he says. But even he tells the story of how he was prevented from speaking at a demonstration in Hebron, where representatives of the Citizens Right Movement, Mapam, Peace Now and local Arabs spoke.

"I wanted to speak in Arabic as a representative of Sephardi Jews," he recalls sadly. There is a manifest bitterness towards Peace Now, which East for Peace perceive as richer and more publicized than they are.

They are more in agreement about "the so-called Sephardi leadership" in Israel. Here there has been a sharpening of tone in the last three years. In 1983, they had distinguished between "token Sephardim" and "genuine Sephardi leaders like Yitzhak Navon and David Levy." Today, Navon, Levy and Meir Shitrit come in for harsh criticism.

"What is David Levy, the worker from Beit She'an, doing in an alliance with Herzliya Pituah's Yitzhak Moda'i?" demands Mahlev. "Even Shitrit – he's a good mayor, but he is in a party that is leading us to disaster."

The Sephardi leadership, charges Bardugo, gives the Sephardim a false sense of achievement, an illusion that they are gaining equality, when this is not so. The proportion of Sephardim at university has gone up from 13 per cent to 16 per cent, he states, three percentage points in 10 years! Where are the Sephardi supreme court judges? Where are the newspaper columnists? – columnists, who write their views, not reporters.

"We don't just want our rights," he emphasizes. "We want the right to give, to make our contribution."

They are no less critical of rich Sephardim who live abroad. "They want to contribute to political parties, to be able to shake hands with cabinet ministers," says Bardugo.

"I explained our aims to them and they agreed with me," asserts Elbaz, "but they didn't reach for their cheque books."

The only financial contribution of any size has been two grants of \$4,000 each from the New Israel Fund, notes Elbaz, and even NIF turned down their application for a substantial grant to create a real infrastructure.

THEY ARE adamant that they have not had a fair deal from the media. They point to the publicity given to Peace Now, Netivot Shalom (the religious, dovish movement) and the Liberal Centre.

One of the large newspapers "couldn't find space" for an article on an important Jewish-Arab meeting in Nazareth last year, another cut East for Peace out of a similar meeting at the Tel Aviv Tzavta Club.

"They liked us when we were Sephardim talking about peace," recalls Elbaz. "But when they saw we were serious about social justice and equality for Sephardim, they were less enthusiastic."

"I don't say that there is an Ashkenazi Mafia at Israel Television," says Mahlev, "but there is Ashkenazi domination." Elkayam concedes that it may not be a matter of bad faith. "It is natural for a journalist to turn to people of his own kind," she suggests. "We are not a political party but a movement of social awareness; you can't judge us by the size of demonstrations or the frequency of media reports."

Whatever the reason, they maintain that their activities are not reported as widely as they merit. In May 1985, there was a meeting of Hebrew and Arab poets in Nazareth, sponsored by al-Mu'akab, a group of Israeli Arab intellectuals, together with representatives of East for Peace.

Six weeks ago, there was a meeting at the Tzavta Club in Tel Aviv of East for Peace and West Bank representatives, including *Al-Fajr* editor Hanna Seniora, to report on a meeting between Israelis and Palestinians

in Paris, under the aegis of a group called Jewish-Arab Perspectives.

At the beginning of this year, the movement formed the Committee for Israeli-Palestinian Dialogue, together with West Bank Arabs. The initiative was endorsed by 100 leading Sephardim, including Professors Sasson Somekh, Sami Smooha, David Tzemah, Sami Micha'el, Dr. Ada Aharoni, singer Shlomo Barr, as well as labour leaders and neighbourhood representatives.

At the end of last year they formed Neighbourhoods Against Racism and Youth Against Racism, which were only two of many activities in the poor neighbourhoods and development towns.

"We are a small movement," admits Mahlev, "but we are attracting satellites, such as Ohalim, former Panthers, neighbourhood activists and others."

"We still have no formal structure," says Elkayam, "no office, no telephones, no money. Considering that, we haven't done badly."

"What about Peace Now and the Israeli left?" demands Bardugo. "Have they been more successful than we've been? I think they have failed abysmally, and they have more resources than we have."

"People turn to us now," claims Elbaz. "We have worked out our ideology, and it is the most coherent on the Israeli left today. We provide speakers, organize round-tables, we had a 'public trial' of the economic policy. Of course we'd like the support that would enable us to reach the masses, but even if we don't get it, we are not going to disappear." He smiles. "We'll wait for the Messiah if we have to." □



## NEW ROBOT SYSTEMS FOR MILITARY, CIVILIAN APPLICATIONS

Haifa INNOVATION in English No 129 Aug 86 pp 2, 3

[Text]

Tel Aviv – A line of mobile robots has been developed by 21st Century Sivan Ltd. here, for the performance of various dangerous tasks. In developing these products the company – a joint venture of high tech firms in Israel and the United States – enjoyed support from the Israel-U.S. Binational R&D Foundation (BIRD F).

Such equipment is of major interest to police and civil defense forces all over the world, but has also attracted the interest of fire fighters and others in charge of safety and security. One likely application will be the disarming and removal of explosive charges; another could be in nuclear installations, for the monitoring of radiation levels and the handling of radioactive materials.

The robots built by 21st Century-Sivan are fully self propelled, can be driven by remote control and are capable of surmounting considerable obstacles. Each is equipped with a robot arm with seven degrees of freedom; this can be extended to grasp objects and to perform a variety of sensitive operations, such as the handling of explosive charges and the disconnection of fuses.

Three different models are available. The largest – the 700 kg heavy duty "Wasp" – and the medium 200 kg "Sting" are powered by gasoline engines. The light 70 kg "Hornet" features an

electric drive, moves on rubber tread tracks and can easily climb stairways.

In all instances, operational control over the robot is by secure coded radio transmissions, effective over a one mile radius in urban environments and over up to two miles in open country. A television monitor, mounted on the control console, gives the operator full information on the system's current status. The entire console fits into a compact carrying case.

While the operator remains behind cover, he can manage all system functions, including engine ignition and shutdown, driving the vehicle, operating the robot arm, activating and aiming lights, cameras and other mounted devices. The latter can include an electrically controlled shotgun, fire extinguishers, a pyrotechnic chisel, detecting sensors and a smoke screen activator.

Communication between control console and robot is over secure coded channels, to prevent interference and hostile intervention. A separate communications code for each robot makes it possible to operate several in the same area without mutual interference. The systems are also equipped with fail safe features: if communications are compromised, for any reason whatsoever, all functions other than TV monitoring cease instantaneously.

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## NON-RESIDENT BANK DEPOSITS ON RISE

Haifa ISRAEL BUSINESS in English No 421 Aug 86 pp 6, 7

[Text]

March 1986, sales by Agrexco — the national farm product export company — amounted to \$145m., 42% more than in the corresponding period a year earlier.

These greatly improved results are due mainly to the recovery of European currencies, and to the better prices obtained in various markets. In quantitative terms shipments increased only by less than 10%, to a total of 230,000 tons.

Present forecasts suggest that Agrexco's total foreign revenue during the twelve month period up to September 30, 1986, will amount to \$200m., one third ahead of the company's income in 1984/85.

The total balance of nonresident accounts with Israel banks stood at \$5.7 billion at the end of 1985 — almost \$390m. or approximately 7% more than at the end of the preceding year. Such interest bearing accounts, denominated in dollars and other denominations, can be held by persons who are not subject to Israel currency control laws.

Much of the 1985 increase in the total of those accounts stemmed from the accrual of interest, rather than the deposit of new funds. Some nominal gains also resulted from the increased strength of

European currencies and of the Japanese yen, in which between 10 and 15% of all nonresident deposits here are denominated.

Israel bankers are greatly encouraged by the overall increase, and by their overseas customers' continuing loyalty. Some observers had feared that developments, such as the 1983 bank shares crisis and its more recent aftermaths, might shake confidence. Fortunately, it was possible to convince both financial professionals and individual depositors of the eminent soundness of this country's commercial banks, present day public controversy on past bank policies notwithstanding.

Nonresident deposits with Israel banks are completely free and subject to none of the currency restrictions that apply to residents of this country. They are also completely exempt of all Israel taxes; they are subject to no income tax, capital gains tax, estate tax or any other mandatory payment whatsoever.

Banks here have also made all the necessary arrangements to protect each depositor's privacy. Nonresident deposits are not included in the foreign currency assets that constitute the Bank of Israel's foreign exchange reserves.

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## NEW COMPUTER ACCELERATES SPEED OF GUNFIRE

Jerusalem THE JERUSALEM POST in English 22 Jul 86 p 3

[Article by Avi Hoffmann]

[Text]

The reaction time of the IDF's big guns has been speeded up by 60 per cent by the introduction of a new locally made artillery computer, the commander of the Artillery Corps Tat-Aluf (Brig.-Gen.) Oded Tira, said last week.

Saying that it is part of the Corps' drive to upgrade its arsenal so that it can deliver a fast, heavy and accurate punch when required, Tira unveiled the new artillery command, control and communications system, called Combat by the manufacturers, Elbit.

Israel is not able to compete with the massed firepower which is the cornerstone of Soviet doctrine, which in turn heavily influences policy in Syria - at present the main military threat to Israel. According to the authoritative *Middle East Military Balance*, the Syrians have 2,300 artillery pieces and heavy mortars, compared to 1,000 in the IDF's order of battle.

The IDF Artillery Corps, therefore, has had to keep in the forefront of technology to maximize the use of its weapons, said Tira.

Most IDF guns are self-propelled so that they can be deployed and redeployed swiftly, thus limiting the effects of counter-fire by enemy artillery. The guns themselves have been upgraded so that they can throw heavier warheads farther. The ammunition is also much more lethal.

For example, the controversial cluster shell, which disperses scores of lethal bomblets over a wide area, is much more effective than the tons of high explosives showered on shore targets during World War II naval barrages and which, apart from direct hits, hardly bothered the soldiers in their dugouts.

However, even if one gets the most advanced guns and the most advanced ammunition to the right place at the right time, one still has the problem of hitting the target, usually dozens of kilometres away.

Several variables have to be taken into account, such as the exact position of the guns and the target, types and characteristics of ammunition, and the influence of the weather. All these factors have to be collated and incorporated into the process of aiming the gun, and this under field conditions.

Until the middle 1960s, field artillery computation was a matter of slide rules, firing charts and tables, not dissimilar to those used by a famous artillery officer called Napoleon. The procedure was slow, prone to inaccuracy due to human error, and wasteful of manpower. This is where the latest revolution in the art of the artilleryman comes in - computers.

The computer is fast, accurate, requires no checking, and, provided

it is properly programmed, can be used by an operator with relatively low skills. However, the first artillery computers were cumbersome and finicky.

During the 1970s, a second generation of artillery computers was developed which demanded less space and power, but could handle even more information than earlier models. One of the second-generation computers was the David, developed by Rafael, the Ministry of Defence's Armament Development Authority, in cooperation with the IDF. This computer, which is still in service, could

compute data for up to six batteries and handle up to 28 targets.

Elbit's Combat belongs to the latest generation of computers. The system is based on a building-block approach, so what starts out as a relatively basic system can be gradually amplified to virtually any desired level. The starting block is a battery-level compact computer which computes firing data and provides direct communication between gunlayers and commanders. By adding a module to the battery computer, it can be upgraded to give facilities for computing 30 gun positions, 100 targets and 15 simultaneous firing missions.

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# U.S. STAND ON ISRAEL POSITION IN UN CRITICIZED

Amman JORDAN TIMES in English 29 Jul 86 p 4

[Editorial: "Undeserved Reward"]

[Text]

WE deeply regret the decision last week by the United Nations Economic and Social Council (ECOSOC) to defer the question of admitting Israel to the U.N. Economic Commission for Europe (ECE) until next year's ECOSOC session. During the ECOSOC meetings United States spokesman James Ferrer noted that Israel is the only member of the U.N. that does not belong to one of the U.N.'s five regional economic commissions, and asserted that ECOSOC "has a moral obligation and an operational need to act on Israel's right to adhere to an economic commission." He also argued that Israel was currently being denied its rights within the U.N. system, claiming that "this violation goes to the very heart of the moral courage of the United Nations."

We disagree with this assessment of the Israeli predicament within the U.N., and strongly oppose the American suggestion that the situation be remedied by admitting Israel to the ECE.

To begin with, the very creation of the state of Israel in the land of Palestine by the United Nations in 1947 was nearly a death blow to the so-called "moral courage" of that fledgling international organization. And few nations have done so much since that time to undermine the effective authority of the U.N. as the state of Israel. For though Israel owed its very existence to that international body, Jewish terrorists conspired to reward the creator of the Jewish state by assassinating in 1948 the first U.N. representative to Jerusalem, Count Folke Bernadotte, who had been appointed as a sort of midwife for the birth of Israel. And in the nearly 40 years following that crime against the international community, Israel has seldom treated U.N. representatives, missions and peacekeeping forces with anything more than contempt and as obstacles to its plans for aggressive expansion. Israel has violated countless U.N.-negotiated ceasefires, thwarted numerous U.N.-sponsored peace plans and ignored dozens of U.N. Security Council resolutions. Most of these assaults on the will of the international community have faded from the headlines, but world attention was briefly focused last week on Security Council Resolution 425, calling for the complete withdrawal of Israeli forces from South Lebanon, when the mandate of the UNIFIL peacekeeping troops in Lebanon was extended for another six months. Having laboured so purposefully to destroy the moral courage of the U.N., Israel has little right to call on the U.N. to exercise on its behalf what little remains of that precious commodity.

Furthermore, for the U.N. to accede to the American and Israeli demand would not be an act of moral courage but merely a capitulation to militant intransigence. The attempts of the Jewish state to join the ECE, as part of its ongoing effort to integrate itself into the European Community, indicate that it is fully prepared to live in a state of permanent isolation and perpetual aggression in the Arab region. The acceptance of Israel into the ECE would constitute an undeserved reward for these aggressive Zionist policies, and would only strengthen the militant Israeli hand in the Middle East.

If the United Nations is ever to regain the moral courage and authority which could make it the effective arbiter of international disputes, it should start where it began, and do everything possible to halt and reverse the effects of Israeli aggression and intransigence. Keeping Israel out of the ECE will send the leaders of the Jewish state the important message that rights in the international community are gained through the fulfilment of obligations, the foremost of which is the establishment and maintenance of peaceful relations with one's neighbours.

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CSO: 4400/262

# BANKING SYSTEM NOT AFFECTED BY MONEYPHANGERS' LOSSES

Amman JORDAN TIMES in English 26 Jul 86 p 3

[Text]

AMMAN (Petra) - The Central Bank of Jordan (CBJ) has announced that losses sustained by moneychangers in Jordan due to miscalculated "risks and blunders" amount to approximately JD 15 million, registering no more than one thousandth of the total volume of banking and money changing operations in the Kingdom.

CBJ experts, including Dr. Maher Shukri, the bank's vice president, said that the steps and risks taken by a number of money changing firms over the past few months would by no means affect the safety, power or operations of the banking system in Jordan. They said that these firms have sustained losses largely as a result of violating CBJ regulations and also due to unorthodox speculation and dealings in gold, silver and currencies.

The announcement about the losses has been accompanied by harmful campaigns directed against Jordan from external

sources in an attempt to undermine the Jordanian economy, but all indications and evidence point to the fact that the financial and economic sectors in Jordan are safe and have emerged unscathed from this campaign, the experts said.

The CBJ has now decided to help support faltering money changing businesses by extending credit facilities, and will help those violating CBJ regulations to achieve stability so that they can pursue a sound course of helping to bolster the national economy, these experts said. According to Dr. Shukri, the CBJ has now introduced amendments to CBJ regulations about buying and selling foreign currency and will now allow commercial banks to undertake these operations.

A leading banking expert, Mr. Adnan Darwazeh, who is chairman of the Jordan Gulf Bank board of directors, told the Jordanian News Agency, Petra,

that moneychangers who adhered to CBJ regulations were not affected by recent events and are maintaining their operations with success, unlike those who committed violations.

Dr. Ahmad Shalabi, the general manager of Petra Bank in Jordan, said that due to its central geographic location, Jordan has been attracting foreign currency and trade and therefore the banking sector in Jordan has been operating with full confidence and continued progress. Those moneychangers who sustained losses, he said, had gambled and taken risks by buying and selling foreign currency and holding larger investments than they could afford, and hence they sustained heavy losses, Dr. Shalabi added. He said that some moneychangers used to offer high interest rates to depositors, attracting many customers in the process, but their miscalculated investments caused losses to themselves and their customers.

/8309

CSO: 4400/262

## EXPATRIATES TO SET UP COMPANIES TO AID DEVELOPMENT PROJECTS

Amman JORDAN TIMES in English 17-18 Jul 86 pp 1, 3

[Article by Rana Sabbagh]

[Text]

**AMMAN — Jordanian expatriates announced on Wednesday the establishment of two holding companies in Jordan with paid-up capitals of JD 25 million and JD 10 million respectively.**

Funds for the first project will be raised by selling 25 million shares to expatriates living in Kuwait, and the second venture will be financed by Jordanians living in Saudi Arabia and other Gulf states.

The announcement, which came during the third day of the second conference on Jordanian expatriates, said that both companies' capital will be channelled into socio-economic development projects in Jordan.

The expatriates' initiatives coincide with the launching of the national development plan for 1986-1990, in which the private sector is expected to shoulder 47-57 per cent of the total JD 3.15 billion plan.

The two projects were the first concrete results of three days of official briefings on Jordan's foreign policy, labour and manpower market, as well as government incentives to encourage investments in capital, commodity and agricultural and industrial projects.

According to official figures, 521 Jordanian expatriates are attending the Amman conference, but the maximum number of

expatriates attending the sessions did not exceed 220 per day. The majority of participants who live in Arab, Western and North and South America are considered to be wealthy businessmen, traders, company owners, intellectuals and renowned economists.

Wednesday's three-hour session was dedicated to discussing Jordan's national plan and the country's economic situation.

Minister of Planning Taher Kana'an and Minister of Trade, Industry and Supply Rajai Muasher explained at length the five-year development plan and government efforts to encourage investment in trade, tourism, industry, construction, agriculture, health and transport.

Jordanian expatriates living in the United Arab Emirates (UAE) also agreed to establish a housing company, in which they will invest and set up housing units for occupation upon their return to home.

Requests made by the majority of Jordanian expatriates living in Arab and foreign countries centred on the need for more government information on investment facilities and custom

and income tax exemptions given to economic and other industrial and educational as well as social projects.

They also called for alleviating all bureaucratic procedures which involve all affairs related to ministries and expatriates.

Adnan Baeiso, a Jordanian living in Bahrain, called for the establishment of a Jordanian expatriates' bank in which expatriates can deposit their funds instead of using other foreign banks.

"This will benefit the country in terms of investment and revenues, which usually go to foreign countries," said Mr. Baeiso.

Several others requested the Central Bank of Jordan (CBJ) to tighten its control on moneyexchangers' operations in view of the recent collapse of two local moneychangers.

According to reports, a large number of expatriates who used moneyexchangers' transfer facilities lost their remittances through the two companies which collapsed in May.

The CBJ on Wednesday called on all moneyexchangers to provide it with copies of their transactions on a monthly basis.

A good number of Wednesday's speakers expressed fear over the future of a number of Jordan's leading public shareholding companies, and requested the government to provide guarantees on such companies.



The companies mentioned by the speakers were the Jordan Timber Processing Company (JTPC), which closed down recently, the Jordan Fertilizers' Industry Company (JFIC), and the Jordan South Cement Factory (JSCF).

In reply to the expatriates' speeches, Dr. Muasher said according to 1986 figures about 600,000 Jordanians are shareholders in numerous public and private shareholding companies.

Referring to three shareholding companies which were recently hit by severe economic crises, he said their losses were either due to an overcost in production, unlimited expansion, or that the feasibility studies governing their establishment were incorrect.

To support the JFIC, the government decided to merge the company with the Jordan Phosphate Mines Company (JPMC). Dr. Muasher said while explaining government support and incentives offered to encourage investment and to back up major industries.

This merger will cost the government JD 60 million — to be paid through a special public budget — while shareholders are being compensated for their losses.

On the JSCF, Dr. Muasher said that it was merged with the Jordan Cement Factory Company (JCFC). Both companies have the capacity of producing two million tonnes of cement per year, while the local market's annual needs are put at 1.7 million tonnes.

"The best remedy for the JSCF's trouble was to merge it with JCFC," said the minister.

In other cases, the government might also consider closing down the company such was the case with the JTPC or help them through rescheduling their loans, introducing new tax exemptions, or lower production taxes.

Asked whether the government takes any action against those involved in the losses of large shareholding companies, be they public or private, Dr. Muasher said that a large number of responsible people are currently being under trial.

He did not mention any names but said if the tried person was proven guilty, necessary measures would be taken to punish him.

In other cases, the government offers subsidies to industries it thinks are successful and a given example of government support was wheat growing projects in Jordan.

He said the government was buying local wheat from farmers at a cost of JD 120 per tonne, while the Ministry of Supply's recent wheat tender from American suppliers was \$92 per tonne.

The government is currently paving the way for the establishment of a special fund to support local exports. Dr. Muasher did not give other details.

On the recent decline in transactions at the Amman Financial Market (AFM), Dr. Muasher attributed the shrinkage in deals due to lack of adequate liquidity and lack of bank loans given to investors.

He said the government has established two financial companies to help individuals and companies acquire capital to invest in the AFM.

However, he noted, the total amount of investment in the AFM increased by 37 per cent in 1986.

Recent amendments to the investment law would also increase investment in the AFM, he said.

As part of the government's drive to control the retreat in the rate of industrial activity and economic growth, the government had taken a host of measures designed to stimulate industry, the minister said.

These measures include leasing of public lands for agricultural purposes in the country's south at nominal prices, offering industries operating in Jordan's free zones marketing priorities and introducing facilities for licencing industrial units and issuing licences for importing primary materials or exporting finished goods.

The measures also include issuing regulations to control and improve the quality of local commodities and industries and reducing the prices of fuel, energy and water.

Some primary materials have also been exempted from customs duty and laws that encourage investment in the Kingdom have led to a drop in production cost and an increase in investment.

Dr. Muasher concluded that the trilateral partnership — the government, the creditor and the shareholder — should shoulder its responsibility in protecting local industries.

The four-day expatriates conference ends on Thursday.

## UNEMPLOYMENT PROBLEM DESCRIBED

Amman JORDAN TIMES in English 27 Jul 86 p 4

[Article by Dr Fahed Fanek]

[Text]

DURING the Middle East oil boom, the prospering Jordanian economy was able to increase job opportunities from 355,200 in 1975 to 509,200 in 1983, a growth rate of 43.4 per cent in eight years, or a compound rate of 4.6 per cent annually.

This shows that even under the best of economic circumstances — the influx of Arab financial aid, the acceleration of economic development and the expansion of the private sector — the jobs created were not sufficient to absorb all the new entrants to the labour market, estimated at over 5 per cent a year. That is why thousands of job seekers sought employment in the Arab Gulf states.

At the peak of economic activity in 1982, the Jordanian economy was unable to provide jobs to all Jordanian manpower. It is true that Jordan was employing some 125,000 non-Jordanian workers at the time, but it was equally true that it had some 300,000 Jordanians working abroad. This means effectively that a net surplus of 175,000 workers were not matched by existing jobs available here. This is a structural unemployment of 25 per cent of the total Jordanian labour force.

The only explanation to this phenomenon is, in my opinion, that the growth of population in

Jordan was far in excess of the country's economic capacity and its available natural resources, notwithstanding the generous Arab aid which made it possible for the Armed Forces to employ one out of every four males in the age group 17-50.

If this reasoning is acceptable, unemployment in Jordan would be fundamentally different from the cyclical unemployment experienced by some industrialised countries as part of the business cycle, which can normally be alleviated through fiscal expansion, pending the next economic recovery.

Unemployment in Jordan has political, social and economic dimensions. Jordan, with its limited economic resources, is simply unable under the best of circumstances to support its population at the standard of living people expect, and to create sufficient jobs for all.

This result should not come as a surprise to anyone who is aware of the systematic and persistent evacuation of the occupied territories, whether the evacuation took place in massive waves as had happened in 1948 and 1967, or gradually through attrition, where job opportunities and real estate ownership is wide open in the East Bank and purposely blocked in the West Bank and Gaza.

A detailed examination of jobs provided by various sectors of the economy shows that during eight years up to 1983, the public and defence sector created around 70,000 new jobs, or around 45.5 per cent of the total new jobs created by the national economy during that period.

Statistics show that construction contributed 30.5 per cent of the new jobs, industry and mining 11.3 per cent, transport 8.5 per cent, electricity, gas and water 4.5 per cent, while the remaining sectors created less than 2 per cent each.

In fact the public and defence sectors are currently employing 37.6 per cent of the overall labour force; construction 15.1 per cent; industry and mining 11 per cent; agriculture 10.1 per cent; trade, hotels and restaurants 9.4 per cent; transport 8.2 per cent; banking insurance and financing 2 per cent; electricity, gas and water 1.9 per cent; and the balance is taken by the remaining other sectors.

It is obvious that the public and defence sectors cannot be counted on to create many new jobs any more. Therefore, it is



construction, agriculture, industry, and services which should be tapped for job creation although the prospects do not look very bright.

Under the current low growth pattern, the government cannot avoid or delay the replacement of a major part of the non-Jordanian labour force, at least to buy time until policy makers can come up with an imaginative long-term solution to the problem of growing unemployment.

Unemployment in Jordan is not a byproduct of economic slowdown. It is not a passing stage. It is a geopolitical problem which threatens stability in the medium term. The solution must deal with all of its political, social and economic aspects.

/8309

CSO: 4400/262

## SPENDING ON WEST BANK PROJECTS DETAILED

Amman JORDAN TIMES in English 29 Jul 86 p 3

[Text]

**AMMAN (Petra) — Jordan has spent JD 162 million since 1979 on projects serving citizens in the Israeli-occupied West Bank, Minister of Occupied Territories Affairs Marwan Dudin said Saturday.**

The funds for the projects included assistance from other Arab countries to a Jordanian-Palestinian Committee, under a 1978 Baghdad Arab summit decision, the minister said.

In the past two years, he said, JD 6,512,000 (about \$20 million) were spent on development projects aimed at helping people under occupation withstand Israeli pressures.

Since the 1967 occupation, he said, the Israelis have been attempting to submerge the Arab identity of the occupied territories by confiscating more than 50 per cent of the land and building 117 settlements for 52,000 Israeli settlers.

They were trying to implement a "greater Jerusalem" project to include the cities of Jerusalem, Bethlehem, Beit Jala, Beit Sahour, Ramallah and Bireh plus 32 nearby villages, Mr. Dudin said.

Mr. Dudin stressed the government's interest in drawing up the necessary plans for alleviating the suffering of the inhabitants of the occupied Arab territories and enhancing their ability to preserve the Arab identity of the occupied territories.

Mr. Dudin said the continued

support of our kinsmen in the occupied West Bank will tangibly assist in solving the citizens' problems, resulting from the Israeli occupation.

Speaking about the ongoing Israeli plans to obliterate the Arab identity in the occupied territories, the minister said: "Israel, since 1967, has intensified its efforts to replace Arabs by Jews, through the creation of a new reality, aimed at swallowing the land and uprooting the citizens."

Regarding the occupied Arab city of Hebron, the largest Arab city in terms of population density, Mr. Dudin said the Israeli authorities have introduced many practical, clear-cut changes, geared to enable the Israelis to control the whole Arab city. The new plan entered into effect as of last year, Mr. Dudin added.

Mr. Dudin said the Israeli government has allocated some \$300 million from the government budget for settlements, while in the years 1985 and 1986 this figure jumped to some \$600 million. The Israeli government also assigned a settlers' council with discharging settlements affairs and actually linked some of the services in the settlements on the West Bank with Israeli government services, in

preparation for completely linking the settlements' activities with the Zionist state, he continued.

Mr. Dudin said that the government has plans for countering unemployment and economic strains. The government pays JD 100 to each unemployed West Bank doctor until he finds a job and has allocated JD 1,300,000 for the unemployed graduates and for the families of detainees.

During the last two years the government has allocated JD 6,512,000 for carrying out a number of development projects, Mr. Dudin said. He added that the government, through the Ministry of Occupied Territories Affairs, provides services worth JD 4 million to the refugees and displaced persons living in the refugee camps in Jordan.

'FOREIGN' INTERVENTION UNDESIRABLE IN IRAN-IRAQ WAR

Kuwait AL-QABAS in Arabic 12 Aug 86 p 2

[Article by 'A'ishah al-Rashid]

[Excerpts] Yesterday Shaykh Sabah al-Ahmad al-Jabir (deputy prime minister and minister of foreign affairs) held his first grievance session. In attendance were Sa'ud al-'Usaymi (minister of state for foreign affairs), Sulayman al-Shahin (deputy minister of foreign affairs), 'Abdallah Sa'ud al-'Abd-al-Razzaq (director of the minister's office), and directors of the various departments within the ministry.

In answer to a question from AL-QABAS concerning the possibility of international involvement in the issue of the war between Iraq and Iran, Kuwait's attitude towards the issue, and Kuwait's receptivity to international involvement for the sake of ending the war, Shaykh Sabah al-Ahmad said: "We hope to resolve the matter on the international level--not through the involvement of foreign countries, but under the auspices of the United Nations and the Security Council. Two days ago, President Saddam Husayn delivered a speech which was directed to Iran and which contained five points for the establishment of peace. In the name of the Kuwaiti Government we have supported those points. We hope that our Iranian brothers will respond affirmatively to those points. Enough of the killing and destruction which Muslim brothers have been inflicting upon each other! Rather than continuation of the war, I hope that sitting around the conference table will be the outcome."

/9716

CSO: 4404/488

CHARITABLE POLICY UNDER REVIEW, JOINT ICO EFFORT CONSIDERED

Kuwait ARAB TIMES in English 9 Aug 86 p 5

[Text]

THE director of Kuwait's Zakat (alms) House, Abdul Qader Al Ojeil, said on Thursday that the house was preparing to despatch sacrificial meat donations to 11 Islamic states this year and there were plans to give such donations only to the needy in future.

He said the house stopped giving aid to youths wanting to marry a year ago, and if it decided to renew the aid it would announce this through the media.

He told Al Anbaa newspaper that the Zakat House would discuss the situation of needy families receiving aid during a meeting this month. He added that efforts would be made to help these families become self-financing and reduce their dependence on aid.

**Pressing**

Ojeil said that the recent zakat conference held in Kuwait had

made recommendations for setting up a special zakat fund in conjunction with all Islamic countries and under the control and supervision of the Islamic Conference Organisation (ICO) in an effort to coordinate the distribution of alms to needy people throughout the world.

He said that the Zakat House controlled the work of the different alms collecting committees in Kuwait through its representatives, and the house would soon use a computer system for this.

He said there were places where the need for aid was pressing, including the Palestinian refugee camps in Lebanon, and the people suffering from the drought and famine in Sudan. He said that Zakat House spent more than it received in alms.

/9317

CSO: 4400/265

RETENTION OF CERTAIN EXPATRIATES BEYOND RETIREMENT AGE

Kuwait AL-QABAS in Arabic 6 Aug 86 p 5

[Article; both question and answer presented by newspaper]

[Excerpts] [Question] We are a group of non-Kuwaiti employees drawing close to the age of 60--i.e., the age of retirement for non-Kuwaitis. We have heard, however, that employment can be extended to the age of 65 provided that the employer needs the expertise of those non-Kuwaitis who have reached the age of 60. What are the provisions which govern the extension of government service?

[Answer] The Civil Service Commission issued Resolution No 7 in 1984, dealing with the extension of government employment for non-Kuwaitis; the resolution incorporates the following [sections]:

Article I: It is possible to extend the employment of non-Kuwaitis who perform purely technical tasks for a maximum of 5 years beyond the age of 60, provided that the nature of their jobs is defined by the Employment Bureau. It is also possible, with consent from the Employment Bureau, to retain non-Kuwaitis who perform legal, accounting, or financial tasks for the same period stipulated in this article provided that they have held their jobs for at least 5 years prior to reaching the age of 60.

Article II: It is possible to extend the employment of non-Kuwaitis who are not covered by the foregoing article, without violating the quota assigned to their employer, provided the following conditions are met:

--That the extension is limited to 1 year each time, commencing on 1 July [of a given year] and ending on 30 June of the following year. The employee must not remain on the job beyond the age of 65.

--That the quota for the employer should not be transferred (in full or in part) from 1 year to another.

Article III: Extension of employment, in accordance with either of the two foregoing articles, requires a decision by the minister in charge; in

addition, such extension cannot be granted unless employment has ended legally.

Article IV: This resolution shall take effect as of 1 July 1984, and it shall supersede all other regulations.

/6662

CSO: 4404/466



# EFFORTS SUCCEED IN STEMMING INFLUX OF EXPATRIATE WORKERS

Kuwait ARAB TIMES In English 10 Aug 86 p 3

[Text]

A REPORT prepared by Kuwait's Social Affairs and Labour Ministry shows that 41,623 expatriates entered Kuwait on work permits in 1985 compared to 68,799 in 1982.

It said that 31,379 workers left the country last year, which meant that the expatriate workforce had increased by a little over 10,000.

## Rectifying

It said that the drop in numbers had a negative aspect, but also had a very important positive aspect in reducing the flow of foreign manpower to Kuwait.

It said this was in line with the state policy of rectifying the imbalance in the population structure. Expatriates form 60 percent of the population.

## Succeeded

It said that the state general policy could not be totally achieved unless nationals entered new professions to replace the outgoing expatriate workers.

The report said the results of the recent census that showed that out of the total population of 1,697,288 there were only 681,288 Kuwaitis.

The report stressed that the ministry had succeeded in its policy of limiting the issue of work permits.

It said that statistics showed that 234,475 expatriates were employed in the private sector last year. Of these, 97,362 or 41.5 percent were Arabs and 132,505 or 56.5 percent were Asians, while one percent were from Europe, 0.8 percent from the United States and the balance from other countries.

It said these workers were employed in over 1,000 professions or trades and came from 108 countries.

/9317

CSO: 4400/265

## BRIEFS

AID TO ZIMBABWE CONVENTION--United Nations, Aug 8 (Kuna)--Kuwait has contributed \$250,000 to Zimbabwe to help finance preparations for the Non-aligned Movement summit in Harare, Kuwait's Ambassador Mohammad A. Abulhassan announced yesterday. The Kuwaiti government made the contribution as an expression of its commitment to the cause of non-alignment, Abulhassan said. Zimbabwean Premier Robert Mugabe expressed his gratitude to HH the Crown Prince of Kuwait for "This valuable and timely contribution" which he said reflected Kuwait's commitment to non-alignment and the cause of peace. Kuwait, one of the first countries to establish diplomatic ties with Zimbabwe, was the first country to extend financial aid after new nation gained full independence in 1980. [Text] [Kuwait ARAB TIMES in English 9 Aug 86 p 4] /9317

NON-ARAB WORKERS BLAMED FOR CRIME--The director of security in the Hawalli area has said that non-Arab expatriates were responsible for committing crimes previously unknown in Kuwait. Abdul Azia Al Shamlan told the Interior Ministry's magazine that most of these crimes involved making liquor and forgery. He said there were also a large number of theft cases, particularly from bachelor accommodations. He said that more than half the total population of Kuwait including a large percentage of expatriates, lived in Hawalli, and this increased the burden on the security forces. Another factor was the large number of banks and commercial complexes in the area, he said. Col Al Shamlan said that traffic accidents were a major problem in the governorate, mainly because it was densely-populated. He said the security forces were seeking to increase the number of night patrols, boost the number of both uniformed officers and detectives and to increase the work of the Coastguard to prevent illegal aliens infiltrating into the country. [Text] [Kuwait ARAB TIMES in English 9 Aug 86 p 5] /9317

CSO: 4400/265

SPECULATION RIFE ABOUT U.S.-SOVIET SUMMIT, SYRIAN INTERVENTION

Beirut AL-NAHAR in Arabic 13 Jul 86 p 1

[Editorial by Michel Abu Jawdah]

[Text] Every time talk proliferates about the approaching date of a meeting between the two superpowers, a conviction or firm belief pervades the Middle East, including Lebanon, that some solution will be drawn up for the region which will put an end to its problems and crises and that there are local or regional parties or players who will pay the price of the deal. Solutions between the big powers usually do not serve anyone's interests but theirs, and they are not restricted to pan-Arab or national goals, or the fate or future of this party or that. Thus, analytical observers begin to weave in conjectures and provide interpretations for events in the region or in Lebanon, try to link some of them with others and perhaps sometimes put more weight on them than they should, as if a deal were an absolute fact. Meanwhile, the positions of the larger countries, specifically those of the United States and the Soviet Union, indicate that the concerns of Washington and Moscow are almost wholly restricted to the problems of nuclear armament and space weapon programs, the so-called star wars.

More than that, it was said after the first summit between American President Ronald Reagan and Soviet leader Mikhael Gorbachev in which they discussed larger matters from European security to nuclear and space security and regional problems, that the superpowers had reached an understanding on limiting the conflagrations of crises because the time for extinguishing them had not come, and that suppressing them was no longer a topic at a time when they were meeting about more important things. What happened before and during the last summit and what came out of the meetings by American and Soviet diplomats went no further than discussing ways to maintain the regional problems at the level which they had already reached. For this reason, the Middle East crisis remained in Limbo, and likewise the Gulf war, the Lebanon crisis, the Afghanistan problem and others in Africa, Asia and South America. It was of no concern that these crises were frozen in the cold of waiting, or that the people in the region continued to burn in the flames of wars which have no end or respite.

Naturally, the Lebanese have a right to be optimistic. All or most of their leaders have begun to herald a relaxation of tension soon or at least at the end of summer. However, the irony is that those who welcome a renewed Syrian role and the Syrian Special Forces who are participating in enforcing the security plan in West Beirut and those who reject this military presence which has brought the situation back to what it was before 1982 agree that an atmosphere heralding a regional solution or settlement will be beneficial to Lebanon. There is a second irony in that both groups proliferate interpretations over this role. There are those who place it within the framework of an international and perhaps regional understanding about closing some of the Palestinian and Lebanese arenas in Lebanon, coinciding with Amman's closure of some of the offices belonging to the Fatah movement and the PLO organization.

There are those who believe the exact opposite. They believe that what is happening is a renewed unilateral attempt by Syria to hold the Lebanon and Palestine cards or at least a part of them, particularly the important part which the world, and the West specifically, complain about. However the guerilla operation which the two parties allied with Syria are carrying out, working within the framework of its strategy has brought all of these individual judgements and predictions back to the starting point, just as Israel has gone back to--and it has never really stopped--charging Damascus with being behind "terrorist" operations, keeping in mind that these were included within the framework of Hafiz al-Asad's appeal in Greece some time ago when he proposed that the UN define "national resistance" and "terrorism" so that the international community would no longer confuse liberation and "terrorism," or violence for violence's sake. This is as if the operation had been directed toward more than one local or regional party--Israeli [in one instance], Palestinian [in another] and international [in yet another]--at a time when the United States is focusing its efforts on the Taba problem, on the eve of the anticipated visit of American Vice President George Bush to Israel, Jordan and Egypt and as doubts are occurring to some Lebanese parties with regard to the security plan in West Beirut and the Palestinian camps, its long-term hidden objectives and its regional and international reverberations from south Lebanon to the Gulf war, the international [Geneva] conference and the superpower summit!

/9317

CSO: 4404/485

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

MILITARY COOPERATION WITH POLAND--Comrade Lieutenant Colonel Muhammad Maytham Qasim, member of the Yemeni Socialist Party's Central Committee and deputy general chief of staff, will leave Aden today on his way to Poland at the head of a military delegation. The visit will take place in response to an invitation from Poland's Ministry of Defense to discuss various phases of cooperation between the two friendly armies. AL-RAYAH has learned that the comrade deputy general chief of staff will carry a handwritten message from Comrade Colonel Salih 'Ubayd Ahmad, elected member of the Political Bureau and minister of defense, to the Polish minister of defense in regard to developing the bilateral relations between the two friendly armies; the message also invites Poland to participate with our armed forces in celebrating the 15th anniversary of their formation. [Text] [Aden AL-RAYAH in Arabic 27 Jul 86 p 1] /6662

CSO: 4404/474

YEMEN ARAB REPUBLIC

COUNCIL RATIFIES ITALIAN LOAN FOR AGRICULTURAL RESEARCH

Sanaa AL-THAWRAH in Arabic 5 Aug 86 p 1

[Text] Sanaa (SABA')--Yesterday morning the People's Constituent Assembly held its regular session; presiding over the session was Judge 'Abd-al-Karim al-'Arshi (vice president of the republic, president of the assembly, and member of the Standing Committee). During the session, Judge al-'Arshi heard the supplementary report prepared by the Committee for Planning, Financial Affairs, and Economic Affairs in conjunction with its study of the loan agreement concluded between our country and the friendly Italian Government to finance in part the agricultural research project. In a previous session, the assembly had returned the [text of the] agreement to the committee in charge for further study in light of the comments which the members made for the purpose of:

--Coordinating and implementing agricultural research projects on the republican level.

--Ranking research projects according to priority.

--Training local personnel for conducting research.

--Collecting and documenting agricultural data.

--Publishing agricultural bulletins for the benefit of personnel in the agricultural sector.

After thorough discussion and numerous comments the assembly, recognizing the importance of agricultural research, ratified the loan agreement and recommended the use of local products for implementation; the assembly also emphasized the importance of growing coffee trees and encouraging farmers to popularize coffee nurseries where coffee trees can grow. In addition, the assembly stressed the importance of:

--Conducting a comprehensive analysis of the soil and determining the degree of salinity to help in specifying the most appropriate crop for each district.

--Improving the quality of various grain crops (such as wheat, corn, fruit, and vegetables).



--Giving full attention to animal resources.

--Establishing a quarantine system for plants and animals at points of entry--whether they be land, sea, or air--to prevent the spread of plant and animal diseases.

The session was attended by Dr Husayn 'Abdallah al-'Amri (minister of agriculture and fish resources) as well as a number of [other] officials from the ministry and from the Agricultural Research Organization.

CSO: 4404/470

## SOVIETS PROVIDE AID TO TRAIN TECHNICIANS

Kabul KABUL NEW TIMES in English 24 Jul 86 p 2

[Text]

"Friendship with Soviet Union is an important national asset of our people. The fraternity between the peoples of Afghanistan and the Soviet Union is unprecedented. There exists, in the world, no other example of the aid of a socialist country to a non-aligned country that we enjoy." This is stated in the main speech of the 19th plenum of the CC of the PDPA dated July 10th 1986 regarding the traditional friendship and internationalistic cooperation of the Soviet Union with the DRA.

Fraternal cooperation between the Union of Soviet Socialist Republic and the DRA is growing and strengthening by each passing day. The Soviet Union has helped the DRA in constructing and commissioning tens of scientific, technical and economic projects.

Technical and economical assistance of the Soviet Union has provided the possibility for the state of the DRA to train

young national cadres inside the country and complete the staff of its technical and production institutions.

Kabul auto-mechanical technicum is a good example of this cooperation. The technicum was constructed with the wide-scale cooperation and assistance of friendly Soviet Union.

The technicum covers an area of over 20 hectares of land, and is located in the south-western part of Kabul city along side the Sher Darwaza mountain. The technicum has three main sections, that is, teaching, students dormitory and residential flats of teachers. There are 10 well equipped laboratories with technical equipment, 16 electrical laboratories, 16 car engine workshops having well equipped garage, audio visual room for Russian language, working room for defending diplomas, sports gymnasium, cinema hall and drawing halls in the teaching section of the institution.

Teaching is conducted by both Afghan and Soviet teachers in three shifts, that is, morning, afternoon and night. Workers training are also included in the technicum. The first batch of graduates which included 72 students, has been turned in the fields of electricity, technic and auto services.

Graduates of eight, ninth and twelfth standards are enrolled in the night shift of the technicum. This shift began its functioning with 70 students in HS 1354. And the number of students has increased by each passing year.

Workers training section of the technicum which was inaugurated in HS 1361 has provided the possibility of further education for those students who didn't continue their studies due to economic and certain other problems. Also the state pays Afs 1500 as a stipend to every student of this section.

A total of 860 students have graduated since the establishment of the technicum in the fields of electricity, auto-mechanism and technical services. Also 95 students were sent

to the friendly Soviet Union for higher education.

Now the teaching process in the technicum has been prepared according to the new training programme, that shortens the education period for one year. With this plan implementing, the quality of education would not only be preserved, but improved.

The authorities of the technicum plan to set up a research laboratory with the consultation of concerned authorities of the Ministry of Education for upgrading the knowledge of experts to PhD degree.

Kabul technicum has a well equipped library which can provide the space for 100 people at a time. It also has a sports hall where in volley ball, basketball and tennis teams carry their exercises.

Instead of final examination the graduates have been defending their diplomas since HS 1358. And 30 per cent of the graduates of each field defend their diplomas in Russian language. In addition to their diplomas, they receive certificates of translators.

/9317

CSO: 4600/469

## POWER TRANSMISSION PROJECT FROM USSR UNDER CONSTRUCTION

Kabul KABUL NEW TIMES in English 16 Jul 86 p 1

[Text]

Power transmission from Soviet Union to Afghanistan for meeting the power needs of northern and central zones of the country and for commissioning the Ainak copper-mine complex is one of the most important state projects and yet another manifestation of economic cooperation of Soviet Union to our people.

The work of the project started in 1981 and is to be completed in 1991. The project which includes transmission lines, substations and other related foundations will cost seven billion Afs financed by Soviet credit and the state development budget.

According to the main aspects of the socio-economic growth of the DRA for the years 86-91, the work of construction and

commissioning of power transmission lines from the Soviet border to Mazar-i-Sharif-Kholm Pul-i-

Khumri Baghlan-Kunduz and Sheberghan will be completed with an initial capacity of 32 MVA and will be commissioned in the same period.

Also, in the course of first five year plan, the work of topographical survey in Salang and construction of the 220 KV Kabul substation will be completed and completely utilized in the second five year plan.

The 220 KV power transmission line from Soviet border to Kholm-Pul-i-khumri, Kabul is to be extended in two stages each of 420 km. So far extension of the line from

the border to Hairatan and Mazar-i-Sharif and the work of construction of Mazar-i-Sharif substation with a capacity of 32 MW has been completed and put in effect.

A spokesman for the Power Energy Ministry said that power was transmitted from Amu substation in Soviet Union in the second quarter of last year meeting the needs of Mazar-i-Sharif zone. In all, over 15,600 million Kwh power was transmitted to Mazar-i-Sharif from the Soviet Union in 1985 and distributed to the residents.

It is envisaged to transmit 28 million Kwh power from Soviet Union to Mazar-i-Sharif in the current year.

/9317

CSO: 4600/468

# CHILDREN SPEND HOLIDAYS IN USSR

Kabul KABUL NEW TIMES in English 26 Jul 86 p 4

[Text]

Two hundred children left Kabul on Thursday by a special plane for Tashkent, the capital of Soviet Uzbekistan.

According to a spokesman for the Central Council of the Trade Unions of Afghanistan, a total of 1,500 children will leave for the Soviet Union this year.

A large number of children of workers, martyrs of the revolution, peasants and intelligentsia from all over the country annually pay a one-month visit to the Soviet Central Asian Republics. The visits have been organised by the Central Council of ATU's and the All-Union Central Council of Trade Unions of the

USSR since 1981.

The children who left on Thursday, expressed their warm sentiments and said that they were carrying the message of friendship of Afghan children to the Soviet children.

Shahla, a seven year old school girl from Herat province said that her father had been killed by counter-revolution, but now she enjoys special protection of the party and state. She was very happy, for she was given the opportunity to visit the Soviet Union.

Resalat, a student in sixth grade of a primary school in Khost division said that her father was a peasant. "Before the

revolution, the children of the provinces even did not dream to visit Kabul. At present, our revolutionary state, besides providing up the ground for education, sends us to recreational centres of friendly countries. We try to tell our Soviet friends the facts about the revolution and our own sentiments regarding the fraternal assistance of the Soviet Union to our people. We also endeavour to learn something from the visit", she added.

At the Kabul international airport, the children were seen off by Satar Purdili, Chairman and activists of the Central Council of the ATUs.

/9317

CSO: 4600/469

# NOOR EYE INSTITUTE EXPANDING SERVICES

Kabul KABUL NEW TIMES in English 23 Jul 86 p 4

[Text]

The Noor Eye Institute has made tangible progress in expanding its services and area of activities in the course of recent years.

The institute using the most modern medical equipment and microsurgery carries out the most complicated operations for cataract, glaucoma and keratoplasty.

The big changes in the work of the institute after the victory of the April revolution include giving free medical service to out patients for which the DRA state has given about 10 million Afs as subsidy.

The institute has 124 beds and a well equipped polyclinic. It has examined, hospitalized over 70,000 patients during the last 15 months. It has also carried on laboratory tests and radiography of 17,000 patients, and provided 417 artificial eyes for the blind.

One of the main tasks of the institute is in the preventive sphere. For this purpose, a new department was set up under the institute in 1364 HS. Last year the department examined over 6000 children in schools, in the kindergartens at working sites, residential areas etc. and distributed free medicines to them.

The institute has an optic office, department of artificial eyes and a pharmacy. The raw materials needed by the pharmacy, are imported from abroad and some of the medicines are manufactured by the institute's pharmacists.

The institute in addition to treatment, undertakes the training of young specialists in eye treatment. At present 10 young doctors of the institute are being trained under a three years program. Under the program, health for all 2000, the institute has worked out



a 15 year development programme for giving medical aid to patients with eye diseases. The Noor eye hospitals of Herat and Nangarhar provinces have also modern medical equipment and are serving patients of adjacent provinces and zones under the programme. Also based on the programme, the department of eye diseases was set up 1364 HS in Balkh province and first aid centres set up in Kandahar, Samangan, Farah, Paktia, Jauzjan, Helmand, Fariab, Badakhshan, Takhar and Kunduz provinces and Nooristan district.

The institute is one of the biggest institutions for treating eye diseases and was set up in the 1973 with the help of the Int-

ernational Assistance Mission (IAM).

The institute maintains cooperation with the IAM and experts of USA, England and other countries. The World Health Organization (WHO) helps the institute in carrying out its preventive activities against blindness.

The improvement of the work of the institute is due largely to the constructive activities of the primary party organization, women's organization and the TU primary organization of the institute. These organizations have always tried to improve service for ensuring people's health, the TU primary organization has mobilized over 90 per cent of the staff towards this end.

/9317

CSO: 4600/467

## LAND DISTRIBUTED TO PEASANTS IN HELMAND

Kabul KABUL NEW TIMES in English 29 Jul 86 pp 1-2

[Text]

## LASHKARGAH, (BIA)-

Over 32,000 hectares of surplus land of land holders of Helmand province was given to 26423 landless and small peasants of the province.

A spokesman for agriculture and democratic land reforms department of Helmand province said that in the first quarter of the current Afghan year an area of 18,800 hectares of land belonging to 6916 peasant families was clarified in Grishk, Nad Ali and centre of Helmand province. Also 7315 land ownership documents were distributed to landless and small peasants.

Thousands of peasants of the province have got organised in 16 agricultural cooperatives, 14 consumer cooperatives, 43 peasants councils and 29 peasants committee after the post revolution, the spokesman added.

For providing further facilities to the peasants

in irrigation of their cultivation, over 75,000 cubic meters of canals, and streams were either newly dug or cleaned by the general department of Helmand and Arghandab valley development project in the first quarter of the current year. Also, 4,000 cubic meters of canals and roads were leveled and macadamised.

In the spring sowing campaign this year more than 1000 tons of cotton seeds costing four million Afs were given to the peasants by Bost Enterprise free of charge. Similarly, 807 tons of chemical fertilizers, pesticides as well as agricultural implements were distributed to cotton growers, agriculturists and other cultivators of the province. Availing themselves of the assistance of the state the peasants cultivated cotton, maize, vetch, pea, sesame, vegetables, fruits and other plants on an area of 21400 hectares. Cotton was cultivated

on 18,000 hectares.

Likewise in the autumn campaign, last year, 984 tons of improved wheat seeds were distributed to the peasants. Totally, an area of 79,000 hectares was cultivated local and improved wheat seeds. As per the anticipated plans, over 35,000 tons of cotton will be collected by the cotton growers of the province. The said amount will be purchased by Bost Enterprise at a cost of over Afs 584 million. Furthermore, wheat yields of the current year has been anticipated over 132,000 tons. Wheat harvesting is continuing in the province. Based on the plan, 2250 tons of wheat have been purchased from the peasants and members of agricultural cooperatives by Marja farm (a farm for improved seeds propagation) which is to be put at the disposal of peasants after processing and cleaning for cultivation.

/9317

CSO: 4600/466

PRIVATE SECTOR INVESTMENT SAID ENCOURAGED

Kabul KABUL NEW TIMES in English 16 Jul 86 p 2

[Text]

Business flourishing in countless private owned stores.

Whole streets taken up with various workshops are bustling with activity. Tailors are working at their sewing machines right in the streets. This picture is commonplace for Kabul and for other Afghan cities.

The economic consultative council created after the revolution under the Republic's Council of Ministers enables representatives of national private capital and traders to participate in the shaping of the strategy of the country's economic development and price formation. The Council includes prominent representatives of private capital.

Sayed Amanuddin Amin has been for a number of years Chairman of the West German Department of the Afghan National Bank, headed the Afghan Textile Company,

was member of the board of a number of private companies and banks. He was appointed deputy chairman of the DRA Council of Ministers late last year.

Traditionally, Afghan industrialists preferred to invest in trade, since it quickly brings return on capital. And under the regimes before the revolution no one was interested in making investments in industry. Now the government has taken a number of measures to alter this situation. Thus, the interest rate on a loan taken for the construction of an industrial enterprise is half that granted to a trader. A businessman who decides to participate in the development of the country's industrial potential is exempt for five years from taxation on the profit. Moreover, the setting up of joint ventures, in which the share of state participation is not over 40 percent is encouraged. Ten such companies set up of late

specialise in the manufacture of building materials, paper, medicines and products of the chemical industry.

The state grants credits on easy terms and plots of land to joint and private sector companies, renders them technical assistance.

"A quarter of the number of owners of large trucks now secure state orders", Sayed Amanuddin Amin said. "Measures are worked out to bring private owners more intensively in state transportation. This will make it possible to improve the supply of people of remote districts of the country."

"The stabilisation of the situation in Afghanistan gives reason to hope for a speedy development of the country's economy in the years ahead", the deputy chairman of the DRA Council of Ministers said in conclusion. "The government and national businessmen are interested in this. The sooner an end is put to counter-revolution, the more successful their activity will be. Thus, the interests of the state and private capital coincide objectively. Life itself refutes the allegations of the Western propaganda that private enterprise are 'suppressed' in Afghanistan."  
(APN)...

/9317  
CSO: 4600/468

## TRADE UNIONS PROMOTING WORKERS CREATIVENESS

Kabul KABUL NEW TIMES in English 17 Jul 86 p 4

[Text]

As the main art and cultural center of workers and toiling people of the country, the Cultural House of the Trade Unions of Afghanistan, (TUA) has major achievements to its credit in the one year that has elapsed since its establishment.

The Cultural House has five different associations of music, theatre, fine arts, poetry and literature and children's training. The association for children's training, has sixty members. They are being trained on progressive lines.

The music association has two groups, popular and jazz. Both took active part in the two contests held by the Artists Union on the occasion of the 20th founding anniversary of the PDPA, and the 8th anniversary of the victory of the April Revolution and won letters of merit and diplomas.

The artists of these groups visited Herat recently. They presented several concerts before Herat's citizens and soldiers of the armed forces and police regiments and workers of collectives. They recorded six political songs on TV also.

The theatre association of the Cultural House, has also many successful performances to its credit.

Its child-theatre department has created several entertaining items of mimicry and acrobatics which have proved very popular.

The fine arts association has drawing, painting, sculpture, designing, calligraphy and engraving studios where young members of the TUs, meet regularly and make use of the facilities available for the artists.

The poetry and literature association of the house too has similar cultural activities.

The Cultural House of the TUA has so far initiated over two hundred programs including concerts, discussions, workers' picnics and lectures during the one year of its existence. It observed the centenary of May Day with grand functions lasting for about a week. One thousand workers and members of the TUs took part each night in these functions. The Central Council of the TUA gave a subsidy of 70 percent for the festival dinners.

According to a spokesman of the TU Cultural House, a popular university is soon to be established under it which would meet all cultural requirements of the toiling people, especially creative workers and members of the TU. The university will also coordinate the cultural activities of the workers collectives in the country.

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CSO: 4600/467

# HANDICRAFT EXPORTS EXCEED ONE BILLION AFGHANIS

Kabul KABUL NEW TIMES in English 24 Jul 86 p 4

[Text]

The Handicrafts Export Promotion Center of the DRA exported 111,628 sqm of carpets and short-napped rugs, 24,338 furs and small furs, needlework and leather items and over 103,000 meters of woolen products and other handicrafts and made an income of Afs. 1.21 billion last year.

Needle-work and embroidery are traditional handicrafts of our country. Housewives and young ladies in villages and cities are chiefly engaged in it.

Most of Afghan handicrafts are being exported to European and other western countries. Japan and the US are the principal importers. Foreign exchange earned by these exports play an important role in strengthening the national economy.

The Handicrafts Export Promotion Center held nine exhibitions of Afghan-handicrafts in Yugoslavia, Bulgaria, GDR,

Hungary, India and Czechoslovakia during the past 15 months which attracted much interest and demand for the Afghan products.

Carpets, short-napped rugs, leather items, furs, woolen and cotton embroidered dresses and textiles, jewelry and stone wares are the main exports of the center. Besides exporting, Afghan Handicrafts are also sold in the domestic market.

The emporium purchases handicrafts from craftsmen and manufacturers and supplies them to foreign customers in accordance with agreements. The Emporium also sells handicrafts of individual producers who cannot market them on their own.

The Handicrafts Export Promotion Center was set up in 1975 to promote handicrafts marketing and to help producers and craftsmen.

/9317

CSO: 4600/469



## EXPANSION OF GULBAHAR TEXTILE MILL DESCRIBED

Kabul KABUL NEW TIMES in English 20 Jul 86 pp 4, 2

[Text]

Behind the ranges of Hindukush mountains where the footsteps of silk caravans could be heard in the old days, there is a big factory functioning today.

The noise of machines is mingled with the roar of Panjshir and Shutul rivers making pleasant orchestra.

The Afghan Gulbahar Textile Mill situated 76 km north east of Kabul covers 300 hectares of land including the factory, expansion areas, residences, parks, schools, mosques, sport grounds, club and cinema.

Its foundation stone was laid in 1953 and construction completed in 1960. It started functioning with a capacity of 20,000 m. a day. By the end of 1961, the factory reached its maximum capacity that is, 180,000 m. a day.

A total of 2700 machines imported from Soviet Union, Switzerland, Japan, West Germany

and Britain are functioning in various units of the factory.

The Gulbahar Textile Mill gets its raw material internally from the cotton produced by Spinzar company and gin-press plants of Mazar-e-Sharif as well as from imports from Europe, Japan etc.

The factory with a capacity of 180,000 m. cotton cloth and 300,000 m. variety pieces a day is one of the biggest mills in the country.

The mill recently recruited 60 women to work. The mill works in two shifts, eight hours each. Workers are paid overtime for their extra work.

Apart from endeavouring to improve production from the point of view of quality and quantity, the state also pays special attention to the life of workers. For example, the minimum monthly salary drawn by a worker before the revolution was Afs 1100 and maximum 3550

while the figures have now gone up to 2,000 and 15,000 per month.

Moreover, the workers of the mill applying the accord system in their productive units receive monthly Afs 9-10 thousand Afghanis.

Among the state assistance to workers of Gulbahar Textile Mill is distribution of coupons. This facility has been extended to them for the first time like other state employees.

The mill owns a well-equipped hospital for treating the workers. The hospital has surgery, medical, X-ray, laboratory, stomatology sections. The insurance fee of the workers has increased after the revolution from Afs 750 to 1500. The treatment for workers and their families as in-patients is free of charge.

Launching of work emulation for raising the level of production is a phenomena born by the

revolution. The Gulbahar mill organises in every quarter of the year such a drive and encouraged the top workers through material and cultural awards.

If any worker of the mill encounters a disaster the mill helps him Afs 2,000-10,000. Also working clothes, safety masks, eye-glasses, boots etc. are provided free to workers.

During religious ceremonies, the mill gives to every worker 60 m. of cloth in a year on instalment basis. In order to make maximum use of available possibilities on the one hand and provide good quality food to the workers on the other, the mill has established an agricultural farm in a 10 hectare plot.

The products of the farm, besides helping the food allowance of workers, are also offered at prices 50 per cent lower than in the market to the workers which certainly plays a positive role in raising their living standards.

Employment of women workers necessitated setting up of a kindergarten in the mill.

The meals for the children are prepared according to the menu of the kindergartens department.

The spinning, weaving and steam sections of the mill have already been expanded and the expansion of the dyeing unit is underway. Its machines are imported and a contract has been signed with the GDR for their installation soon.

The production plan of the mill was implemented in 1985, by 100.07 per cent. Efforts have been made during the first quarter of the current year to make use of all available possibilities to maintain high level of production.

The shortage of power is one of the factors causing fall in production compared to proceeding years.

Therefore, based on the resolution of Politburo of the PDPA CC, a contract was concluded in 1984 between the planning department of the Ministry of Power energy and a company of the Soviet Union. Two diesel generators each with a capacity of 3500 kw imported under the contract would be installed in the mill.

Taking the above into account, the construction work on a sub-station with an initial cost of Afs 150 million has been started by Spinghar construction unit covering switch house, diesel house, pump station, oil stock, cooling pool and five auxiliary units such as administrative building, dormitory for workers, godown, guards chamber and ten residences covering all together 2.8 hectares of land.

The work on the project has so far progressed by 68 per cent and if the machines are installed according to the plan the project will be commissioned by the first quarter of 1988. The power generating capacity of the sub-station is 7000 kw. One hundred workers are working for the sub-station.

In order to meet the shortage of skilled staff, the Gulbahar Mill has opened a technical course. The course is devoted to training of skilled workers for various sections of the mill.

The social organisations functioning under the party primary organisations in the mill are the trade union, DYOA and WDOA. The trade Union of the mill has a membership of 2990, organised in 43 group and 23 branch organisations.

The union meets the demands of the workers and contacts the mill's management.

The union takes part in the literacy campaign. For instance, right now 1800 workers are taught in 48 courses in the mill. Over 320 students have so far graduated from the courses. There also exists an assistance fund with 2940 members.

The fund has granted Afs 81,000 long term credits to the workers.

It has given necessary help to workers in distress.

The members of the trade union launch work drives frequently and top workers are awarded cash prizes.

The union member have also joined the self-defence groups to safeguard their mill and working place. Their number is 99 now.

The women's democratic organisation is also active in the mill. It has 48 members taking active part in productive activities alongside their brethren. They also take part in defence.

The Democratic Youth Organisation of the mill has organised 310 youth in its ranks. They function in two work brigades in the spinning unit and four brigades in the weaving unit of the mill. As a result they have exceeded their envisaged plan.

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CSO: 4600/470

## STATE SEEKS SOLUTION TO IRRIGATION PROBLEM

Kabul KABUL NEW TIMES In English 29 Jul 86 pp 1-2

[Text]

The state has allocated in the main aspects of DRA socio-economic growth (1986-91) Afs 5.2 billion from domestic sources and 36.5 million dollars from foreign assistance to the solution of preliminary problems in the development of irrigation and water resources.

The fund is two and half times more than in the last five years. In the course of the coming five years, the Ministry of Irrigation and Water Resources proposes to attract private investments also to develop irrigation keeping in view mutual benefits. Hence, abiding by the 10-point theses endorsed by the revolutionary council and resolutions of 16th plenum of the PDPA CC, the ministry would help private companies to organise investments together with the state for

reconstruction and establishment of irrigation projects and also establish mechanised farms on the arid land jointly with private sector.

In order to realise without deviation the agrarian and water policy of the DRA and implement its urgent and most important tasks, the Ministry of Irrigation and Water Resources has allocated for the years 1986-91 a major part of investments, material and technical instruments for speeding up the construction of incomplete projects and those ensuring the engineering system of irrigation.

Special attention would be paid during the next five years to expansion of repair, revival and improvement of the existing irrigation and drainage systems as well as enhancing the efficacy of utilisation.

The plan of improving irrigation for the existing lands has been executed on 1.5 thousand hectares, that shows hundred per cent implementation.

Permanent irrigation water has been ensured for 372 thousand hectares of agricultural land which is 72 thousand hectares more than in the plan.

Work has been carried forward during the first quarter of the current year for setting up peasant committees in the provinces. Thirty seven such committees have been formed in provinces for implementation of the law on water.

Moreover, 69 water superintendents have been elected and 3,466 documents of water quotas have been distributed.

An area of 960 hectares of land is envisaged to be newly brought under cultivation during the current year 1365 HS including 850 hectares in Sardi project and 110 hectares in Kokcha project. So far 861 hectares of land including 676 hectares in Ghazni Sardi project have been cultivated as follows:

323 hectares cultivated with wheat, 29 hectares with alfalfa and the remaining with other crops.

Moreover, 185 hectares of land has been cultivated with semsame and cotton in Kokcha project. (H.E.S.)

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CSO: 4600/466

CEMENT PRODUCTION EXPECTED TO INCREASE

Kabul KABUL NEW TIMES in English 20 Jul 86 p 1

[Text] Provinces (BIA)--At the end of the five year plan, the cement production in the country will increase from 126,000 to 287,000 tons annually.

A spokesman of the planning department of the Ministry of Mines and Industries said: "Presently in Ghorī and Jabul Saraj cement factories totally 126,000 tons cement are annually produced. And with the completion of the construction and installation of Herat cement factory which is to start its production in third year of the five year plan, the production of cement till the end of the five year plan would be increased to 287,000 tons annually."

The spokesman added that the construction work of Herat cement factory has progressed by over 80 percent and its installation by 30 percent. In HS 1367 (1988) which is the third year of the five year plan and the first year of its production it would produce 38,000 tons, 110,000 tons of cement in the second year of its production and 148,000 tons in the third year.

Herat cement factory is to be built at a cost of 1,244 million Afghanis out of which 22.697 million cl dollars will be provided from the Czechoslovak credit and 1.131 billion Afghanis from the state budget.

The factory is located 23 km away from Herat city and with the completion of its work 447 persons will be employed by the factory.

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CSO: 4600/470



## BRIEFS

**MINOR TROOP WITHDRAWAL ANNOUNCED**--The Soviet Union plans to withdraw six regiments--a total 6,000-8,000 soldiers--by the end of 1986, Soviet leader Mikhail Gorbachev said on 28 July. The statement came two days before talks about a solution to the Afghan conflict were to have resumed in Geneva. Afghan leader Dr Najibullah says further Soviet troop cuts could follow if the U.S. and Pakistan cease hostilities against his country. He spoke as western diplomats in Pakistan reported troop movements suggesting a major offensive by government and Soviet forces against rebels southwest of Kabul. The U.S. has welcomed the Soviet pledge to withdraw troops, but called for more. The Soviet move was described as a "drop in the bucket" by Edward Rowny, President REagan's special arms control adviser. [Text] [London MEED/THE MIDDLE EAST ECONOMIC DIGEST in English 2-8 Aug 86 p 7] /9274

**DEAD REPORTEDLY REFUSED BURIAL**--Kabul--The burial of the dead among the Afghan fugitives in Iran is a great problem, because the Iranians hate the fugitives and they won't let their corpses to be buried in their graveyards. This was said to a bakhtat reporter by Delawar, one of the elders of the 600 disillusioned families who have recently returned to the country along with fifty assorted weapons, availing of the amnesty decree of the Revolutionary Council of the DRA. Delawar added that a few days after their arrival in Iran they realised their blunder, because they faced shortage of food and their children died due to lack of food and medicines. He went on to say that now all the fugitives have realised that they have been deceived by the enemies and had been trapped in their noose. That is why despite the obstacles created by the rulers of Iran, the number of Afghan fugitives returning from Iran to their homeland is increasing every passing day. [Text] [Kabul KABUL NEW TIMES in English 22 Jul 86 pp 1, 4] /9317

**HIDES EXPORT**--More than 800 Astrakhan hides were exported in the year to 20 March, netting \$5.7 million, government figures show. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 26 Jul-1 Aug 86 p 3] /8309

**CANADIAN AID TO REFUGEES**--Canada is to give \$Can 14 million (\$10.2 million) worth of food aid to refugees in Pakistan, according to a mid-June agreement signed in Pakistan. The aid will comprise \$Can 8 million (\$5.8 million) in wheat, and edible oil valued at \$Can 6 million (\$4.4 million). [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 26 Jul-1 Aug 86 p 3] /8309

WORKERS APARTMENT CONSTRUCTION--Baghlan (BIA)--The foundation stone of a project for construction of residential apartments for the workers of construction and electricity department of Pulikhumri district of Baghlan, a northern province, was laid in a function. The apartments will be constructed on seven hectares of land at a cost of over 40 million Afghanis (one dollar is equal to Afs 50). The project includes a school, a cinema, health clinics, offices and other facilities. Speaking on the occasion on behalf of the workers, Khwaja Mohammad highly appreciated the attention paid by the party and the state to the welfare of workers. He promised that the workers will endeavour to do their best to overfulfil the plan targets according to the decisions of the 19th plenum of the PDPA CC. [Text] [Kabul KABUL NEW TIMES in English 30 Jul 86 p 4] /9317

CHILD HEALTH INSTITUTE EXPANDING--Kabul (BIA)--The Republic of India renders gratis aid in the construction and expansion of the Indira Gandhi Child Health Institute at a cost of Afs 422 million to the Democratic Republic of Afghanistan. The contract on the aid was signed yesterday by Nazar Mohammad, Minister of Construction of the DRA and I.P. Khosla, ambassador extraordinary and plenipotentiary of India in Kabul. A spokesman of the Ministry of Construction said the child health hospital which is to be expanded and hundred more beds added would be built by the Afghan construction unit in two years with the economic aid and technical gratis aid of the friendly country India. He added that the expansion project of the hospital would include surgical wards and polyclinic building which would have necessary and modern facilities of treatment. With the construction of the polyclinic of the hospital, necessary facilities would also be provided for outpatients. The polyclinic would have departments of physiotherapy, dermatology, orthopaedics, blood bank, stomatology, ophthalmology, laboratories, surgical ward for emergency operations with modern equipment. Also a steam centre for central heating and hot water in the hospital would be constructed. [Text] [Kabul KABUL NEW TIMES in English 26 Jul 86 p 4] /9317

MORE ACQUIRE LITERACY--Trinkot (BIA)--Fifty four persons have graduated from the literacy courses in Dehraud district and Trinkot centre of Oruzgan province and received certificates. A spokesman of the Oruzgan provincial party committee said that at present 818 illiterate persons, including peasants, craftsmen, soldiers and revolution defenders, are organized in 33 literacy courses in the centre and Dehraud district. The teaching of these courses is conducted voluntarily by 32 teachers. Ten literacy courses with an enrolment around 100 were set up recently in Helmand and Juazjan provinces. Of these, nine courses enrolling 77 students were found in the center of Helmand province and its suburbs and one in Shenkot village, Juazjan province. A spokesman for the literacy directorate of Helmand province said that at present 3364 workers, peasants and soldiers are attending 19 literacy courses in the centre and other areas of Helmand province. [Text] [Kabul KABUL NEW TIMES in English 30 Jul 86 p 4] /9316

CSO: 4600/470

## INDO-U.S. TIES IN TRADE, TECHNOLOGY IMPROVE

Calcutta THE STATESMAN in English 24 Jul 86 p 9

[Text]

NEW DELHI, July 23.—It may not be spectacular, as U.S. sources here admit, but Indo-U.S. relations in the fields of scientific cooperation, technology transfer, development assistance and bilateral trade has revealed a perceptible upswing. What is more, cooperation in these fields is set for even better accomplishment.

India, it is pointed out, now enjoys a trade surplus of \$1 billion and if the present trend is any indication it can only go up. During the past year, the two countries have extended their field of cooperation in the technological field in a spectacular manner.

**SUPER-COMPUTER**

To highlight some of the major items, there is the prospect of India getting the super-computer after the Indo-U.S. talks on safeguards slated for later this year in New Delhi. President Reagan has accepted in principle making available to India a super-computer subject of course to Indian acceptance of the safeguards which the USA insists upon.

The insistence on safeguards arises from the fear harboured by some policy-makers in the USA about the possible access the Communist bloc countries may have to a super-computer once it is installed in India. The USA is, understandably, wary of the Comecon countries and, as is stressed, the Americans have refused super-computers even to China with which the country has lately developed closer ties in the scientific and technological spheres. The

presidential assent to supplying the super-computer to India is, in this context, described as a token of faith which the USA has in India.

The USA has also offered to India the GE-404 engine, the FMC Ship-Board Data System and the Comtex technology. It was for India to exercise the option, these sources say.

**POLITICAL ISSUES**

While it is conceded that India and the USA as two great democracies may not agree on several political issues—like, say, the Afghan crisis, Nicaragua, South Africa (in which case the objective it is emphasized is the same) and the Indian role in the U.N.—it is noted with gratification that political differences have not been allowed to hamper growth of mutual cooperation. The USA, it is maintained, would like to go out of its way to help all nation-building efforts made by this country.

In this context it is said that the USA has provided attractive financial packages for Indian purchases from that country, namely, \$7 million Economic Support Fund grant from USAID along with a \$25 million EXIM bank credit to support the CDC contract. The EXIM has also offered a \$80 million financial commitment to enable the Central Electricity Authority to purchase G.E. turbine engines for the Damodar Valley project. This month, the U.S. Department of Agriculture has authorized an export enhancement programme to lower the cost of a pur-

chase of 25,000 tons of U.S. soyabean oil.

As of March the USAID portfolio contained \$350 million for approved projects, including science and technology development and various medical projects. The USAID is committing funds for the new projects, the largest of these will provide \$65 million for child survival health programmes.

**IMPLEMENTATION**

These sources refer to the memorandum of understanding signed by the two countries and say that while the pace of implementation may not exactly have been spectacular it was "unparalleled" when compared with similar agreements with other countries.

What has impressed the Americans most is that during the recent past, last year particularly, it has been possible to communicate in both directions somewhat easily. The correspondence maintained between President Reagan and Mr Rajiv Gandhi may be one of the contributing factors but even in the financial area there had been movement. It started with the USA revising its position in relation to India and the Asian Development Bank. These sources look forward to an increasing thrust in bilateral cooperation during the next three or four years. Once that kind of momentum was achieved the relations between the two countries had only one way to go upwards.

/13046

CSO: 4600/1988

## HOUSE TOLD MOST ITEMS IN LONGOWAL PACT IMPLEMENTED

Calcutta THE STATESMAN in English 24 Jul 86 p 1

[Text]

NEW DELHI, July 23.—Seven of the 11 items in the memorandum of settlement signed between Sant Longowal and Mr Rajiv Gandhi have already been implemented, the Lok Sabha was informed today, report PTI and UNI.

The items related to compensation of innocent persons killed in the State, Army recruitment, inquiry into the November 1984 incidents, rehabilitation of those discharged from the Army, Centre-State relations, representation of minorities and disposal of pending cases, the Minister of State for Home Affairs, Mr Ghulam Nabi Azad, told Mr P. M. Sayeed and six others in a written reply.

Three commissions, set up under clause 7.2 of the accord to identify Hindi-speaking areas to be transferred simultaneously to Haryana in lieu of Chandigarh, have so far failed to accomplish the assigned

task.

On territorial claims, he said that on the basis of the Venkatarajah Commission report submitted on June 10 the question of specifying the villages comprising about 70,000 acres to be transferred from Punjab to Haryana in lieu of Chandigarh had, on June 20, been referred to Mr Justice D. A. Desai, retired judge of the Supreme Court and chairman of the Law Commission.

A Kapurthala Central Prison head warden, under suspension in connexion with the July 15 jailbreak, committed suicide today. According to reports, Ghumti Ram's body was found hanging in his room.

Five children were seriously injured in a bomb explosion at Amritsar as an Assistant Sub-Inspector escaped unhurt and a suspected terrorist was injured in an exchange of fire near Hoshiarpur today.

/13046

CSO: 4600/1988

## PARLIAMENT DEBATES PUNJAB KILLINGS, DELHI VIOLENCE

## Rajiv, Other Speeches

Madras THE HINDU in English 29 Jul 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, July 28.

Amidst thunderous applause from both sides of the House, the Prime Minister, Mr. Rajiv Gandhi, declared in the Lok Sabha today that any threat or challenge to the nation's unity and integrity was tantamount to treason.

Intervening in the special debate on the brutal killings in Punjab and the orgy of violence in Delhi, he virtually declared a war not only on communalism, secessionism and terrorism, but also fundamentalism, sectarianism and parochialism, that were imperilling the very basis of Indian democracy and secularism.

**'Rise above the rut'**

The anguish and indignation with which Mr. Gandhi spoke fully reflected the sense of shame and humiliation of the entire nation over the tragic happenings in Punjab. At the same time, he cautioned that because some Sikh extremists were indulging in senseless terrorism and some dissidents were willy-nilly condoning their violent actions, the entire Sikh community should not be denounced as anti-national.

In pleading for patience and perseverance in dealing with this painful development, Mr. Gandhi urged all parties to rise above the rut of petty politics and get together to extend the fullest support to the Punjab Government. The Chief Minister, Mr. Surjit Singh Barnala, who flew down from Chandigarh to be present in Parliament during this debate, was in the Speaker's gallery when Mr. Gandhi called upon the State Government to face this challenge with a firm resolve to crush these evil elements propagating secessionism and preaching violence.

The Prime Minister said he was prepared to talk to anyone who was really earnest about resolving this sad tangle, but he would not have any truck with those eulogising terrorism or encouraging secession. He sought to dispel the

wrong impression created by his recent remarks during a visit to Mizoram, that he was ready to open a dialogue with either the terrorists or those who were supporting terrorism.

If nobody could claim a monopoly on patriotism, no community could also go about behaving as though it had a reserved quota of patriotism. As every Indian, he stressed, was a patriot in his own way, the real test of patriotism was how best an individual, a group or a community could work together to place the welfare of the nation above self-interest without being swayed by parochial considerations.

Earlier, the Home Minister, Mr. Buta Singh, who made two separate statements in the Rajya Sabha on the Muktsar killings and the riots that followed in Delhi, disclosed that the Government had decided to tighten the security belt along the border with Pakistan, with special measures at strategic points, to prevent the movements of terrorists. But, significantly enough, the Prime Minister made no reference at all during his speech to the help the terrorists were receiving from Pakistan, although many Congress (I) and Opposition members spoke about it.

The gravity of the regional agitations, religious frictions and linguistic tensions facing the country was evident from the fact that in the midst of this debate on the Punjab situation, the Minister of State, Mr. P. Chidambaram, sought the Speaker's permission to make a statement on behalf of the Home Minister on the Gorkha Fronts' agitation in the Darjeeling district of West Bengal, assuming the character of a Punjab-type agitation in a highly sensitive border region.



## Opposition shows restraint

The Opposition leaders who took part in this inconclusive debate in the Lok Sabha today and those who sought clarifications in the Rajya Sabha on a number of points after Mr. Buta Singh made his two statements, exercised utmost restraint in their criticism of the Government for not taking drastic steps to put down terrorism. But they did not respond enthusiastically to the suggestion of the Congress (I) vice-president, Mr. Arjun Singh, that in outlawing secessionist elements a law should be enacted empowering the Government to detain and confiscate the properties of those even indirectly supporting terrorism.

The Home Minister will reply to the debate when it is resumed tomorrow in the Lok Sabha, covering some of the aspects of the Punjab crisis which the Prime Minister could not deal with adequately during his intervention. Meanwhile, the situation in both Punjab and Delhi remained tense, compelling the police to open fire at several places.

The Political Affairs Committee of the Cabinet met tonight to review the overall situation and take further steps to intensify the drive against terrorists in Punjab, prevent fresh trouble in Delhi and curb the Gorkha agitation in Darjeeling, before the Prime Minister leaves on Sunday for London to attend the mini-Commonwealth summit and then Mexico.

## More Details on Rajiv Speech

Madras THE HINDU in English 29 Jul 86 p 9

[Text]

NEW DELHI, July 28.

The Prime Minister, Mr. Rajiv Gandhi, today declared that the issue of the country's unity was not negotiable. Intervening in the debate on the Punjab situation in the Lok Sabha, he said any discussion to solve the problem could be only with those who were willing to operate within the framework of the Constitution.

He was making an obvious reference to the demand of leaders of breakaways section of the Akali Dal, Mr. Prakash Singh Badal and Mr. G. S. Tohra, who had advocated a dialogue between the All-India Sikh Students Federation and the Centre.

"While I have said in this House and in the Rajya Sabha that we are willing to talk to anyone..... any discussion can only be with those who are willing to operate within the framework of the Constitution.

"The talks will be only with those who are not setting any precondition. The talks definitely cannot be with those who are found to be eulogising the terrorists. We will not talk to anyone who is, in our view, acting against national interests, against India's unity and integrity and is not behaving as an Indian should behave."

**Punjab promised all help:** While declaring that there would be no hesitation on the part of Central Government to 'deal with terrorism extremely firmly', Mr. Gandhi assured the Punjab Government of all help and support from the Centre.

He advised the State Government that to tackle terrorism effectively, certain things were 'very necessary'. The most important was that the police must be given a free hand. 'Politicisation of the police force or interference in the functioning of the police force cannot allow it to effectively combat a menace as serious as terrorism. The challenge in Punjab is very squarely a challenge for the State Government, which must rise up to it.



**Delhi violence 'unfortunate':** Describing the reaction in Delhi to the Muktsar killings as 'sad' and 'unfortunate', the Prime Minister said: "Unfortunately it was a wrong response to the terrorist actions in Punjab. It was the response that the terrorists wanted..... there could be nothing more dangerous than that."

He urged political parties not to exploit the situation and said: "It is a very serious issue. If it is going to be turned into political oneupmanship at the cost of the country, it will indeed be tragic. This is a time when all of us must stand together and face this challenge."

Any challenge to the sovereignty, unity and integrity of the nation must be seen as nothing less than treason and must be dealt with in such a manner.

**Unity must not be endangered:** Lakhs of people had sacrificed their lives for Independence. It was for the present generation to take that load 'on our shoulders. We cannot allow forces that are trying to destabilise and weaken the nation. None can be allowed to endanger our independence and unity.'

The basis of India's strength was secularism, secularism not as defined narrowly in most of the English dictionaries, but as practised by India over the years.

Secularism was the basis of India's society and any communal, religious or political force

that relied on communalism or religious interest must not be allowed to use this interest to weaken the nation.

**Communalism should not be allowed:** There must be full freedom for every religion. 'We must give every facility to allow all religions to flourish, but we should not allow communalism to grow.' Mr. Gandhi said

Mr. Gandhi said the country had tolerated and absorbed different religious influences and produced harmony out of those different religious groups. He said the fight against communalism in modern India was brought to a head by Mahatma Gandhi and carried forward by Pandit Nehru and Indira Gandhi. 'We will not forsake that path,' he asserted.

**Moral force:** Those acting against the interests of the country had to be tackled not just with brute force, but moral force. That moral force had to come from this House.

Terrorism, Mr. Gandhi said, was an attempt to scare people into reacting. The question was whether the country would lose its nerve and follow the logic of terrorists.

Asserting that the nation would not allow this to happen, the Prime Minister said, "We cannot act impulsively..... What is required is statesmanship, measured response and firmness, and perhaps, the most important of all, action—based on traditional values."—UNI, PTI

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CSO: 5650/0235

IRAQI POW OFFICERS REVIEW AL-FAW ATTACK

LD091854 Tehran IRNA in English 1804 GMT 9 Aug 86

["Iran's Liberation of Al-Faw Impacting Heavily Inside Iraq, Region"--IRNA headline]

[Text] Ahvaz, Khuzestan Prov., 9 Aug (IRNA)--The political impact of Iran's liberation of the port city of Al-Faw has had serious repercussions inside Iraq as well as in the Persian Gulf region. The full ramifications of the stunning military victory have yet to unfold, captured Iraqi commander of Brigade 23, Division 8, Colonel Ahmad 'ali Mohsen said in a televised round table interview, Saturday.

Another participant in the interview, Iraqi commander of Brigade 111, Division 26, Colonel 'Abd al-Kazim Hussein-Abud said that the Baghdad regime had deployed at least seven mechanized-armoured commando brigades to defend the city. He said he believed that the Val-Fajr-eight operations were perhaps the "most significant operations launched in contemporary war."

The colonel attributed the success of the lightning Iranian offensive to the "element of surprise." He added that the Iraqi commanders had believed that it was impossible for an attack to be launched across the Arvand River.

Colonel Abud furthermore said that Iraqi army was receiving intelligence from Saudi based AWACS as well as from U.S. satellites on Iranian troop movements. He added that the Iraqi Army had proven inept at anticipating the attack from Iranian divisions on eastern Arvand River banks.

The crossing of the Arvand River was a "miracle" which cannot be fathomed by ordinary military reckoning, because, he added, Muslim combatants of Iran destroyed all Iraqi units stationed in Al-Faw in less than 2 hours.

Iraqi POW, armed forces chief of staff of Division 27 and deputy commander of armoured brigade, Colonel Vatban Ahmad Tarki al-Rashid said that the Baghdad regime never fancied that Muslim forces could cross the roaring Arvand River because of the river's twice daily rising of the tide.

The strategic port city of Al-Faw was liberated by Iran's Islamic combatants on February 11.

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CSO: 4600/461

## ISLAMIC BANKING IN COUNTRY EXAMINED

## Post-Revolutionary Development

East Burnham ARABIA/THE ISLAMIC WORLD REVIEW in English Aug 86 pp 54-55

## [Text]

● The approval of the "Law for Usury-Free Banking" by the Majlis in September 1983 was amongst the most important changes affecting the Iranian banking system. Before the adoption of the above law banking operations were based on interest. Banks absorbed deposits by paying out interest and extended loans and credits to individuals and institutions collecting interest from them. The bulk of the loans and credits received by the private sector was mainly channelled to commercial and consumer fields. Moreover, close and comprehensive supervision was rarely exercised over the usage of credit facilities. The most important criterion for the extension of loans and credits by the banks was the guaranteed return of the loan in principal and interest, which was usually secured by safe collaterals.

Thus the banks were involved only to a limited extent in the productive activities and naturally could not exercise sufficient control or supervision over the usage of credit facilities. Hence most of the bank loans were used by the non-productive and consumer sectors.

After the Revolution, in June 1979, with the approval of the Revolutionary Council, "Iranian banks were declared nationalised in order to protect the national rights and capitals, promote productive activities and finally to guarantee the private sector deposits with the banks."

With the nationalisation of the banks came the inevitable establishment of an Islamic banking system as a fundamental necessity for the country, through which

investments were hoped to be made on the basis of real social needs rather than on profit considerations. As far as the banking system is concerned, the most important practical step in this direction could be the total elimination of usury from banking operations. To this end, after the approval of the "Banks Merger Bill" in September 1979, attempts were made to replace usury with various banking charges and commissions. The only step taken, however, was the institution of minimum guaranteed dividends for bank deposits (7 per cent annually for savings deposits and 8.5 per cent annually for time deposits) and the establishment of various banking fees and minimum guaranteed dividends for loans and other credit facilities. The total effect of the above measures was limited to a reduction in interest charges (termed as guaranteed dividend), in some sectors of the economy and thus no essential change appeared in the usury-based banking system.

In order to completely eliminate usury from the banking system, extensive studies and attempts were made and eventually in September 1983, the "Law for Usury-Free Banking" was given the final approval. "The objective of the banking system" the Law stated, "shall be the establishment of a monetary and credit system based on rightness and justice (as delineated by Islamic jurisprudence) for the purpose of regulating the sound circulation of money and credit to enhance the health and growth of the country's economy. The activities of the banking system shall be

directed towards the attainment of economic goals, policies and plans of the Government of the Islamic Republic, by availing itself of monetary and credit mechanisms."

With the implementation of the "Usury-Free Banking Law", banks are authorised to accept deposits as follows:

**A. Gharz-al-hassaneh deposits (current and savings).** The Gharz-al-hassaneh current account is similar for former current accounts. Account holders can use checks to draw money from their accounts and banks shall cash the checks on sight.

The Gharz-al-hassaneh savings account is the same as the former savings accounts as far as it concerns the deposit and the withdrawal of money which is done using a savings account pass-book. Although no dividend will be paid on Gharz-al-hassaneh accounts, "...in order to attract and mobilise deposits, the banks may, through promotional methods, give the following rewards to the depositors:

1 — Non-fixed bonuses in cash or in kind to Gharz-al-hassaneh deposits.

2 — Exempting the depositors from, or granting discounts thereto, in payment of commissions and/or fees.

3 — According priority to depositors in the use of banking facilities.

Repayment of the principal of Gharz-al-hassaneh deposits is undertaken and guaranteed by the banks and they are obliged to pay such principals on demand."

**B. Banks accept term-investment deposits as long and short term investment deposits.** The major difference between these types of deposits and the previous similar accounts is, on the one hand, total change in the role of the banks with regard to depositors and, on the other, a general modification in the usage of the sources of the banks. That is to say that under the old system, funds derived from non-sight deposits were, like other depository resources, considered as a bank source of fund and the profits earned by the banks through the utilisation of these funds, belonged to the banks. The yield to the depositors was therefore limited to a pre-determined rate of interest which was often considerably less than the actual earnings of the deposits.

Under the new system, and in the case of term investment deposits however, the banks act only as the depositors' agents and the profits earned as a result of the bank's investment of such funds shall be divided amongst the depositors, after the deduction of the bank's fees for acting as

agents. Furthermore, the return of the principal of these deposits is guaranteed by the banks. In other words, under the new banking system, the depositors of term investment deposits invest their funds, through the banking system, in various economic activities and become the direct recipients of related profits without the endurance of any risk.

As the banks possess much greater facilities than the individual depositors, to select high-yielding investment opportunities, the banks shall be better prepared to utilise the investment deposits in accordance with the financial interests of the depositors and in the direction of the government's objectives towards economic development of the country.

"Term-investment deposits are used in joint ventures, Mozarebeh, hire purchase, instalment transactions, Mozaraah, Mosaquat, direct investment, forward dealings and Joalah. The profits derived from these transactions are shared between the bank and the depositor, in accordance with the concluded contract and in relation to the amount and period of such investment. Presently, the banks are authorised, by the approved directives, to accept short and long term investment deposits. According to these directives, the short-term investment deposits are to be left with the banks for an initial period of at least three months which can subsequently be extended by a multiple of one-month periods. The duration of the long term investment deposits is initially one year, extendable by a coefficient of three months. The minimum amounts of deposits for short-term and long-term deposits are Rls.2000 and Rls.50.000 respectively. . .

#### **Islamic contracts used in the banking system of Iran**

1 — Mozarebeh "is a contract wherein the bank undertakes to provide the cash capital and other party (the Amel or Agent) undertakes to use the capital for commercial purposes and divide the profit at a specified ratio between the two parties at the end of the term of the contract."

2 — Mozaraah "is a contract wherein the bank (the Mozare) turns over a specified plot of land for a specified period of time to another party (the Amel or Agent) for the purpose of farming the land and dividing the harvest between the two parties at a specified ratio."

3 — Civil Partnership "is the mixing of the cash or non-cash shares of several real or legal persons on a common and

undivided basis, with a view to profit, according to the contract. Banks will participate in civil partnership in order to create the necessary facilities for productive, commercial and service activities."

4 — Legal Partnership, "the purpose of legal partnership is to provide a part of the capital of the new joint-stock companies or to purchase part of the shares of the existing joint-stock companies."

5 — Direct Investment "means the provision of capital by banks for the implementation of profit-making productive and development projects."

6 — Forward Transaction "is defined as the cash purchase of products beforehand at a fixed price. In order to provide the necessary facilities to raise working capital for the productive units, the banks are authorised, solely on the request of such units, to buy their products in advance."

7 — Gharz-al-Hassaneh "is a contract according to which one of the two parties (the lender) gives possession of a specified amount of his wealth to another party (the borrower), on the understanding that the borrower will return it in kind or if not possible its price to the lender."

8 — Hire Purchase "is defined as a leasing contract wherein it is stipulated that the lease-holder, upon fulfilling the conditions specified in the contract, will have the title to the property of the articles hired. In order to provide the necessary facilities for the expansion of service, agricultural, industrial and mining activities, the bank, as the hirer, may participate in hire purchase transactions."

9 — Mosaghat "is a contract between the owner of an orchard or garden with another party (the Amel or Agent) for the purpose of gathering the harvest of the

orchard or garden and dividing it, in a specified ratio, between the two parties. The harvest can be fruit, leaves, flowers, and so on, of the plants in the orchard or garden. In order to raise the productivity and the production of agricultural products, the banks are authorised to put to Mosaghat the orchards and useful trees that they either own or in any way are entitled to their possession and utilisation."

10 — Joalah "is the undertaking by one party (the Jael, Bank or employer) to pay a specified amount of money (the Joal) to another party in return for rendering a specified service in accordance with the terms of the contract. The party rendering the service shall be called Amel or Contractor. The banks are authorised to engage in Joalah as Amel or, if necessary, as Jael."

11 — Sale by Instalment (Credit Sale). "It is defined as the surrender of existing property to someone else at an identifiable value in such a way that all or part of the mentioned value is received in equal or unequal instalments at a fixed date or dates. In order to provide the necessary facilities to secure working capital to the producing units, banks may acquire the raw materials, spare parts, working tools and other preliminary requirements of such units, solely upon the written request and undertaking of the applicants to purchase and use the mentioned items, and to sell them to applicants on instalments." For the purpose of providing facilities necessary for the expansion in housing activities, the banks are empowered to construct low-cost housing units and sell them to applicants under the above-mentioned conditions."

## **Instruments of Monetary Policy**

**East Burnham ARABIA/THE ISLAMIC WORLD REVIEW in English Aug 86 pp 55**

### **[Text]**

Given the fact that Islamic principles effectively preclude the use of interest rate, the Central Bank of the Islamic Republic of Iran cannot use monetary instruments that involve the application of fixed interest rate. However, other monetary instruments such as reserve requirements, direct control of credits, moral suasion and a modified form of open market operations are being used to promote economic growth, full employment and efficient

allocation of resources, internal monetary stability and balance of payments equilibrium. In addition to using these instruments, the Central Bank of the Islamic Republic of Iran can intervene and supervise the monetary and banking affairs by using the following instruments with the approval of Money and Credit Council:

1 — "Fixing a minimum and/or maximum ratio of profit for banks in their joint venture and Mozarebeh activities; these ratios may vary for different fields of activity."

2 — "Designation of various fields for investment and partnership within the framework of the approved economic policies, and the fixing of a minimum prospective rate of profit for the various investment and partnership projects. The minimum prospective rate of profit may vary with respect to different branches of activity."

3 — "Fixing a minimum and maximum margin of profit, as a proportion of the cost price of the goods transacted, for banks in installment and hire-purchase transactions. These margins may vary in different cases."

4 — "Determination of types and the minimum and maximum amounts of commissions for banking services (provided that they do not exceed the expense of services rendered) and the fees charged for putting to use the deposits received by the banks."

5 — "Determination of the types, amounts, minimum and maximum bonuses paid to the depositors and the establishment of guidelines for advertisement by banks in the cases referred to."

6 — "Determination of the minimum and maximum ratios in joint venture, Mozarebeh, investment, hire-purchase, instalment transactions, buying or selling on credit, forward deals, Mozara-ah, Mosaghat, Joalah and Gharz-al-hasanah for banks or any thereof with respect to various fields of activity; also fixing the maximum facility that can be granted to each customer."

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CSO: 4600/484



## IMPLEMENTATION OF VARIOUS PROJECTS, NEW PLANS REPORTED

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 12-18 Jul 86 p 12

### [Text] Larak Terminal Cuts Insurance Charges

The new oil export terminal off Larak island, near the Strait of Hormuz, has received a vote of confidence from London insurers, which have more than halved the minimum war-risk premium for cargoes in the area. The War Risks Rating Committee, which groups leading insurance companies, as well as Lloyd's of London underwriters, reduced the premium to 0.10 per cent, from 0.25, with effect from 5 July.

The terminal was opened in late June to provide a safe terminal for international tankers to load Iranian crude (MEED 5:7:86). At present, vessels call at Sirri island to pick up crude shuttled from the main Kharg island terminal in the war zone. Sirri, where no Iraqi attacks have taken place, was recently overflowed by an Iraqi reconnaissance aircraft, reports say. The war risk premium at Sirri is 0.125 per cent.

On 2 July, a small tanker near Larak reported a fire in the engine room, apparently caused by accident. Larak is believed to be beyond the range of Iraqi aircraft.

### In Brief

- Plans to build an underground railway in Tehran and an express commuter link between Tehran and Karaj were reviewed by majlis Speaker Hashemi Rafsanjani in early July. The proposals, which call for the start of excavation and construction work, were presented by Interior Minister Ali Akbar Mohtashami. Financing for the underground railway will be raised through public subscription; the 40-kilometre Karaj line may be funded by the banks. Officials say construction of both schemes will start soon, but there are doubts about the status of the underground railway.

- **Steel Trading Services Company of Iran** is inviting bids for the supply of mine safety equipment. Closing date is 20 September

- The Isfahan steel mill is inviting bids for the supply of 414 floodlights. Closing date is 23 July

- Crude oil exports in the last week of June dropped to 840,000 barrels a day (b/d); total production averaged 1.6 million b/d, according to western estimates. Average output for the whole of June should be just above 2 million b/d, down from May's 2.2 million b/d.

- The government has agreed to contribute \$2 million toward the cost of reviving the **Pak-Iran** textile factory in Balejo, Baluchistan. The plant is 51 per cent-owned by Pakistan, which has been asked to put up a similar sum; it has been idle since 1985.

- The **State Railways Organisation** has ordered 400 carriages from **Wagon Pars Company**, for delivery in three years.

- The Rural Co-operatives Organisation had bought 512,000 tons of wheat direct from farmers by the end of June, 50 per cent more than in the 1985 season.

- The state-controlled **Melli Shoe Company** exported more than \$1 million worth of shoes to Hungary and the Soviet Union in the first quarter of the Iranian year started 21 March.

- The **State Tobacco Company** plans to export 200 tons of high-quality leaf tobacco, valued at \$20 million, to Arab countries, the company announced in early July.

- Pharmaceuticals imports totalled IR 17,093 million (\$214 million) in the Iranian year ended 20 March, the London fortnightly Scrip reports. The purchases, accounting for 20 per cent of the market, were down by 27 per cent from the previous year — although the domestic market expanded overall by 3.9 per cent, to IR 85,576 million (\$1,070 million).

- The International Trade Commission in Washington has cleared the way for US anti-dumping duties to be imposed on pistachio imports from Iran. It ruled that the imports, valued at \$34 million in 1985, caused financial injury to growers in California. The US

Commerce Department recently accused Iran of subsidising pistachio exports to the US (MEED 15:3:86).

- Exports of non-oil goods earned \$528 million in the Iranian year ended 20 March, the Commerce Ministry says. The main items were carpets and pistachio nuts; 3,709 tons of carpets, valued at IR 10,050 million (\$125 million), were sold, mostly to West Germany and other European countries. The ministry says it hopes to start carpet exports to Japan in 1986.

- An \$18 million wheat silo was recently opened in Takestan, Zanzan province, by Prime Minister Hossain Moussavi. The silo has a capacity of 80,000 tons.

- Plans to expand commercial and economic ties with West Germany were discussed at an early-July meeting between deputy commerce minister Mojtaba Khosrowtaj and ambassador A Fraetag. West Germany is Iran's leading supplier.

- The Foreign Affairs Ministry has issued a strong protest against the opening of an office in Jerusalem by the UN Development Programme (UNDP), demanding that it be closed down. The UNDP has co-operation agreements with Iran worth more than \$20 million.

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CS0: 4600/485

## NEWSBRIEFS ON INDUSTRIAL, ECONOMIC, COMMERCIAL ACTIVITIES

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 9-15 Aug 86 pp 13-15

[Text]

### Guilan Power Plant Tendered

State power generation and transmission company **Tavanir** is inviting international ventures to bid for an \$800 million contract to build a 1,000-MW combined-cycle power station at Guilan, in the north. Tender closing date is 16 September — although the deadline is likely to be extended to November or December.

The turnkey project is part of a programme to build 1,000-MW plants at Shiraz, Hamadan and elsewhere. Contracts for the Shiraz and Hamadan plants have already been awarded (MEED 19:4:86; 31:8:85).

Companies preparing bids for the Guilan scheme include Japan's **Mitsubishi Heavy Industries**, which already has a \$149 million contract for the Hamadan plant, and West Germany's **Brown Boveri & Compagnie (BBC)**, which recently won a \$217 million contract for the Shiraz plant.

The Guilan station will take four years to complete. It will consist of six gas turbine units generating a total 660 MW; the combined-cycle portion of the plant, designed to produce a further 330 MW from waste heat, will comprise three steam turbine units and six waste heat boilers.

Tavanir's offer is for the gas turbine portion of the station. Industry observers say the company may adhere to the 16 September deadline for the gas turbines and leave the combined-cycle portion for later in 1986; alternatively — and this is the more likely option — it may set a November or December deadline for both portions.

The Iranians are reported to have told prospective bidders that payment will be

made in cash. But one of the companies says that, when negotiations start, Tavanir is likely to insist on payment in oil.

### Bank Deposits Fall

Iran's deposits in major international banks dropped by \$570 million in the first quarter of 1986, according to the Basle-based Bank for International Settlements (BIS). The decline brings Iran's holdings to \$7,078 million (MEED 26:7:86).

The reduction in Iran's holdings in banks reporting to BIS coincides with a period of falling oil revenues. Second-quarter figures still being compiled by the bank may reveal an even larger reduction.

Iran's oil revenues, providing most of its foreign exchange earnings, are estimated at below \$5,000 million in the first half of 1986; this is about \$4,000 million below the projected level. As a result, the government has made drastic cuts in imports to less than \$10,000 million in the Iranian year ending 20 March 1987.

### Talks Open in Moscow

An economic and political team visited Moscow in early August for talks with senior officials. Led by deputy foreign affairs minister for economic and international affairs Mohammad Javad Larijani, the team was to discuss co-operation in oil, gas and other areas of technology.

Larijani met Soviet Foreign Affairs Minister Eduard Shevardnadze and President Gromyko, delivering a message to the latter from President Khamenei.

Gromyko urged Iran — and Iraq — to settle the Gulf war as a matter of priority.

according to the Russian-language service of the official Soviet news agency TASS. Moscow is Iraq's main weapons supplier, and its frequent appeals for peace anger Iranian officials; the latest was not carried in TASS' English-language service and discussions between the two sides are said to have been positive.

The Soviet Union is the main importer of Iran's non-oil goods and has worked on scores of projects countrywide, including a steel mill in Isfahan, mining, and power plants in Isfahan and Ahwaz. However, most Soviet technicians were withdrawn in 1985, following Iraqi air raids on various cities. Iran wants the technicians to return and has offered to resume supplies of natural gas — stopped in 1980 — through the IGAT-1 pipeline.

## In Brief

● France and Iran are close to agreeing repayment terms for a \$1,000 million loan made to the French Atomic Energy Commission in 1975, according to an Iranian negotiator quoted by the official Islamic Republic News Agency (IRNA). The statement follows two days of talks in Tehran with a 10-member French team in late July. In Paris, the authorities on 1 August banned a meeting called for 10 August by the exiled opposition movement of former prime minister Shapour Bakhtiar. The group, the Iranian National Resistance Movement, was planning to mark the anniversary of its founding in 1980, but the prefect of the Yvelines district outside Paris, where the celebration was to have taken place, quoted a decree as saying the meeting was "likely to disturb public order and harm France's international relations." In June, the leftist-Islamic Mojaheddin-e Khalq guerrilla organisation was forced to leave France after pressure from the French government. However, it is thought unlikely that Bakhtiar will be asked to leave.

● **Iran Steel Commercial Services Company** is inviting bids for a contract to supply gas detection and protection equipment for mining. Tender closing date is 20 September.

● Pakistan's **Rice Export Corporation** has a \$7.9 million order to supply 40,000 tons of rice.

● Requests by importers for foreign exchange allocations totalling \$383 million for Khordad (May/June) have been approved by the Heavy Industries Ministry, the state radio reports. Nearly \$70 million will go to the private sector; total applications were valued at \$464 million. Those approved by the ministry must now be cleared by Bank Markazi (central bank).

● The Soviet Union's **Energomachexport** has an order to supply track-laying equipment. Client is the **State Railways Organisation**.

● Pakistan is negotiating the possible purchase of 20,000 barrels a day of crude oil from Iran, according to Federal Minister for Petroleum &

Natural Resources Haji Mohammad Hanif Tayyab. He denied Pakistani press reports that the Islamabad government is under pressure from the US not to conclude the deal.

● Bids are to be invited soon for a contract to build a cement works near Bandar Abbas, according to an official quoted by the OPEC News Agency (OPECNA). Several water softening plants will also be built in the area. Construction of the planned Bandar Abbas oil refinery is to start soon, the official added (MEED 26.7.86).

● The recently opened Val Fajr-2 oil export terminal off Larak island, in the Strait of Hormuz, has been closed temporarily because of bad weather, according to reports from the Gulf. Storage tankers are reported to have moved to Sirri island, further west. The bad weather could last until late August.

● Industrial exports may earn \$75 million in the year started 21 March, the Heavy Industries Ministry forecasts. Imports of machinery that could be made locally have been stopped as part of a renewed drive for industrial self-sufficiency, a ministry official says. More than 4,000 parts required by large industrial plants will now be made locally.

● About \$400 million has been invested in industries to produce war material that would have cost \$1,300 million to import, according to Islamic Revolutionary Guards Corps Minister Mohsen Rafiqdust. Local factories now supply 80 per cent of munitions needs, including a new version of the tube-launched, optically tracked, wire-guided (TOW) anti-tank missile, and are mass-producing masks for use against Iraqi poison gas, he said.

● Technicians at Bu Ali Sina university have produced a solvent used to provide protective chemical covering for military electronic equipment, the state radio reports. Use of the covering will allow repairs to equipment that would otherwise have to be discarded, the radio adds.

● Tax revenue in the first quarter of the Iranian year started 21 March showed a 7 per cent rise from the corresponding period of the previous year, the Economy & Finance Ministry says. The increase is due partly to reforms in collection, including an option to pay taxes into a special regional development fund.

● Berthing delays for general cargo vessels calling at Bandar Abbas are 10-30 days.

● A bill to increase penalties for hoarding and profiteering has been approved by the majlis. The death penalty has already been imposed on politically motivated offenders (MEED 26.7.86).

● Seven new deputies were elected to the 270-seat majlis in the first round of by-elections on 1 August (MEED 19.7.86). Run-offs will be held in three other constituencies. Former interior minister Ali Akbar Nateq-Nouri is among those elected in Tehran. He is considered a conservative on economic issues.

● National airline **Iran Air** will help to prevent Iranians from importing US goods bought in Saudi Arabia during the annual hajj (pilgrimage), the state radio reports. The move follows a message from Imam Khomeini saying such purchases would be "against Islamic aspirations."

● Colonel Hossain Hassani-Saadi has been appointed commander of ground forces. The 45-year-old colonel, who received his rank at the start of the Gulf war, replaces Colonel Ali Seyyed Shirazi, who held the post for five years until July, when he was appointed to the Supreme Defence Council (SDC) by Imam Khomeini. Hassani-Saadi previously served as operational commander on the southern war front. His appointment was made by Khomeini, on the recommendation of the SDC.

● The navy plans to carry out manoeuvres in the Gulf in late 1986 or early 1987, says commander Captain Mohammad Hossain Malekzadegan.

● A car bomb in Tehran killed one person on 5 August. The official Islamic Republic News Agency (IRNA) blamed the explosion on "agents of international arrogance."

● Iran may attend the Islamic Conference Organisation (ICO) summit meeting in Kuwait in January, according to ICC secretary-general Syed Sharifuddin Pirzada. It would be the first time Iran has attended such a meeting.

● Foreign Affairs Minister Ali Akbar Velayati on 1 August started a tour of eight African countries for talks in advance of the forthcoming non-aligned summit in Zimbabwe. He is visiting Benin, Burkina Faso, Gabon, Ghana, Nigeria, Sierra Leone, Tanzania and Zimbabwe. Velayati starts a three-day visit to Pakistan on 17 August.

● Prime Minister Hossain Moussavi has renewed an appeal to Iranians abroad to return home to put their skills at the service of the republic. He made the appeal in a meeting with students visiting from abroad.

● A representative of Grand Ayatollah Khoi, who lives in Najaf, Iraq, has denied western press reports that the Shia Muslim leader has issued a decree condemning the Iranian authorities. Khoi, one of the most respected Shia religious leaders in Iran and Iraq, rarely issues political statements.

/9274

CSO: 4600/486

## REFINERY BIDDING; MINERAL EXPORTS; OTHER ACTIVITIES CITED

London MEED/THE MIDDLE EAST BUSINESS WEEKLY in English 26 Jul-1 Aug 86 pp 10-12

[Text]

### Bids in for Bandar Abbas refinery

At least two groups of Italian and Japanese companies submitted bids for construction of a \$1,000 million oil refinery at Bandar Abbas by the 20 July deadline. The **National Iranian Oil Company (NIOC)** is expected to take at least one month to respond.

Offers were invited in March for the 220,000-barrels-a-day (b/d) refinery at the mouth of the Gulf. Taking part in the bidding are at least two Italo-Japanese consortia — one of **Technipetrol** and **JGC Corporation**, and the other of **Snamprogetti** and **Chiyoda Chemical Engineering Construction Company** (MEED 24.5.86).

There is speculation that the drop in oil prices and revenues may force the government to postpone the scheme; having called bids before the crash, it may decide to shelve them until the Gulf war ends. However, there is no evidence NIOC has changed its mind about the project.

### Giant Joins Gulf Fleet

Iran has chartered the world's largest tanker and three support vessels, and bought three very large crude carriers (VLCCs). At the same time, it has put up for sale two big ocean liners bought in the 1970s.

The 564,783-dwt **Seawise Giant**, owned by the **C Y Yung Group** of Hongkong, will probably be used for storage at the newly opened Val Fajr-2 oil export terminal in the Strait of Hormuz. The 10-year-old vessel, described by critics as a white elephant, was bought from Mexico, which has used it for storage for the past three years.

The **National Iranian Tanker Company (NITC)** is also reported to have bought three Norwegian-operated tankers, each of about 300,000-dwt, for use in the Gulf. The three — **Adna**, **Torill** and **Vulcan** — were already on charter to NITC. The Norwegian shipping group **Klosters** had offered to buy them, but NITC refused to let them go.

In addition, Iran is chartering three support vessels flying the Norwegian flag, the London daily **Lloyd's List** says. They are the **Frank Viking**, the **Dag Viking** and the **Krøssfonn**. The first two are owned by **Viking Supply Ships; Offshore Atlantic** owns the third.

The vessels put up for sale by Iran are the 45,991-ton sister ships **Michelangelo** and **Raffaello**, bought in the 1970s, according to press reports. The **Michelangelo**, used as an accommodation ship for the navy, was bought for \$18 million; it may fetch only a fraction of the price.

### Mineral exports to double

The government has announced new investments and fresh incentives, in an effort to double the value of mineral exports to \$140 million in 1986. Among the measures is the official go-ahead for private-sector investment in the mining industry.



The bulk of the \$70 million worth of minerals exported in the Iranian year ended 20 March comprised metal ore. Production is to be expanded, and more effort will be made to export marble, travertine and granite to Italy, Japan and Gulf countries.

About 900 mines are producing minerals, says Mines & Metals Minister Mohammad Reza Ayatollahi, and the government plans to extend incentives to new discoveries. The country's Islamic constitution provides for private-sector involvement in mining according to various leasing arrangements to which the government appears to have given the go-ahead.

The high export council says there is no longer any need to obtain export licences for about 90 goods, including mineral stones, construction and plastic materials, and various types of wood.

In Khorassan Province, the government is to invest \$62 million in the \$125 million Tabas coal mine, in an attempt to expand output. Ayatollahi says the Tabas area contains about 80 million tons of coal and 50 million tons of asbestos. Surveys in the Haajaat and Shousef areas have confirmed the existence of roughly 2 million tons of nitrate reserves.

### **Banks play a bigger role**

Iran made greater use of international banking facilities in the second half of 1985 — a period in which it also increased its overseas deposits to a near-record high.

Total international bank claims and non-bank, trade-related credits reached \$4,591 million at end-December 1985, compared with \$4,007 million one year earlier. According to the Basle-based Bank for International Settlements (BIS) and the OECD, the bulk of the indebtedness at end-December 1985 related to trade credits — although most of the \$800 million increase from mid-year was registered in external bank claims.

Iranian assets held by banks reporting to BIS in second-half 1985 increased by more than \$1,500 million, to \$7,494 million. This compares with the 1984 figure of \$6,429 million.

The BIS figures provide some indication of the country's foreign exchange reserves — a key issue in a year of falling oil revenues and intensified fighting in the Gulf war. The government does not disclose its reserves, but informed estimates put them at about \$8,000 million, including gold holdings at home and abroad.

The most recent reliable figure, provided by the IMF's monthly International Financial Statistics for first-quarter 1983, puts reserves at \$6,850 million, excluding gold holdings. The corresponding figures for 1979-82 are \$15,210 million, \$10,223 million, \$1,605 million and \$5,701 million.

### **IN BRIEF**

● The **Haft Tappeh Cane Sugar Agro-Industrial Company** is inviting bids for a contract to supply 3 million sugar bags. Closing date is 31 August.

● The **Telecommunications Company of Iran** is inviting offers for an order to supply a fibre optic system and digital multiplex equipment. Bids must be in by 28 September.

● **Weir Westgarth**, a subsidiary of the UK's **Weir Group**, has a £300,000 (\$450,000) order for two replacement twin-furnace steam boilers. Client is **Kala**, the UK-registered purchasing division of **National Iranian Oil Company (NIOC)**.

● **Iran Fisheries Company** says it is trying to finalise a plan with the Heavy Industries Ministry to buy 12 500-ton vessels. Four have already been chartered. The purchases are part of a programme to expand the Gulf fishing industry. The company plans to build 20 fishing complexes along the 2,000-kilometre Gulf

coast. Eight 500 to 700-ton cold stores are also being built. The fishing industry, which now employs 20,000 people, could provide jobs for 200,000, the company says.

The Industries Ministry issued agreements in principle for 17,932 industrial schemes between March 1979-March 1986, Minister Gholamreza Shafei says. The agreements amounted to a combined \$12,700 million. Output from industries under the ministry's supervision remained static between 1984/85 and 1985/86—although it was 40 per cent up on that in 1977/78, Shafei added.

- The government has rescheduled a \$65 million interest-free loan to Tanzania over 48 months. The credit, which was provided about two years ago to allow the East African country to buy crude oil, was recently criticised by two majlis members who demanded to know why the government had not required guarantees and why it had not consulted more closely with the majlis. In reply, Economy & Finance Minister Mohammad Javad Iravani emphasised Tanzania's Muslim character and its role in the non-aligned movement.

- Imported packaging materials intended for goods that are to be exported are exempt from customs duties, the authorities have announced.

- Thirty-five countries are taking part in the 12th Tehran international trade fair from 26 August-5 September.

- Daily electricity cuts affecting most of the country were announced on 13 July. Power generation has consistently failed to meet demand in the hot summer months since the mid-1970s.

- The irrigation network at the Dasht-e Moghan agricultural scheme in the north is to be improved. The project, over 90,000 hectares, was started in the early 1970s by the late Shah's government, but has never been economic.

- The **Hojjat Shipbuilding Co-operative Company** launched a 200-ton fishing trawler at Ganaveh port in early July. The vessel cost just above \$1 million to build, the state radio says.

- The majlis is studying a bill to increase penalties for hoarding and profiteering. The death penalty may be imposed on politically motivated offenders.

- A letter of understanding has been signed with China for commercial, industrial, scientific and technical co-operation. It follows the second meeting of the joint economic commission in Beijing. The accord calls for an increase in two-way trade to \$400 million, with a further \$200 million set aside for development projects and a range of technical co-operation schemes. Deputy prime minister Hamid Mirzadeh, who headed the Iranian team, later made a three-day tour of Shanghai to inspect development projects and industrial sites.

- Talks are to be held soon with Pakistan about starting direct rail services between the two countries.

- France and Iran may upgrade diplomatic relations to ambassadorial level, says French Foreign Affairs Minister Jean-Bernard Raimond. The two countries have been holding talks for some months about settling financial and political disputes.

The Tokyo government has told Japanese chemical companies not to export 40 types of chemical to Iran--or Iraq--that could be used to make chemical weapons, according to press reports.

Sudan's Energy & Mining Minister Adam Moussa Madibu is to visit Tehran in mid-August to prepare for the planned visit of Sudanese Prime Minister Sadiq el-Mahdi. Madibu will also open an embassy and discuss economic cooperation.

The presence in the Gulf of naval forces other than those belonging to states in the region will not be tolerated, says navy commander Captain Mohammad Hossain Malekzadegan. Earlier in 1986, the commander warned U.S. warships near the Strait of Hormuz not to interfere with the navy's interception of ships suspected of carrying war material to Iraq. The warning was followed by at least one confrontation between U.S. and Iranian warships (MEED 17:5:86).

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CSO: 4600/463

## PETROCHEMICAL COMPLEX; EXPORT BOOST; OTHER ACTIVITIES CITED

London MEED/THE MIDDLE EAST ECONOMIC DIGEST in English 2-8 Aug 86 pp 9-10

[Text]

### Japanese Joint Venture at 'Dead End'

Negotiations about completing the \$4,000 million Bandar Khomeini petrochemicals complex — an Iran-Japan joint venture — are at a "dead end," according to the head of the Japanese consortium supporting the scheme. Hiroshi Watada, president of *Iran Chemical Development Company (ICDC)*, said after visiting Tehran that Iran has given no indication that it intends to resume repaying the loans made for the complex, which is 85 per cent complete.

Watada may visit again in September to discuss the issue with Iran's *National Petrochemical Company (NPC)*, ICDC's partner in the joint-venture *Iran-Japan Petrochemical Company (IJPC)*. Iran suspended interest payments in 1985 after Japanese technicians were withdrawn from the site, in the Gulf war zone.

Iran wants Japan to bear some of the additional costs incurred through war damage and delays. According to a 1983 supplementary agreement, Iran had agreed to assume all extra costs; this arrangement was later rejected by the majlis.

Work on the complex started in 1973. Completion was delayed by the 1979 revolution and the Gulf war.

Japan has invested 250,000 million yen (\$1,600 million) in the complex. The *Mitsui Group*, leader of the ICDC consortium, has itself invested more than \$800 million.

During Watada's talks in Tehran, the Iranians suggested completing some of the scheme's planned 13 units. However, the Japanese do not want to return to the

site until the war ends and the safety of their technicians can be guaranteed.

### Big Export Boost Claimed

Non-oil exports in the first quarter of the 1986/87 Iranian year earned \$166 million, 70 per cent more than in the first quarter of last year, official figures show. Nearly one-third of the goods exported were hand-woven carpets — a 181 per cent rise from 1985/86.

The government recently announced a drive to increase non-oil exports and reduce dependence on oil (MEED 26:7:86; 19:7:86, page 4). The campaign has had some success, with the rate of increase growing every month. However, the figure of 70 per cent in the first quarter cannot be verified.

The officially claimed rate of growth would indicate that non-oil export earnings may approach \$1,000 million in the year started 21 March. This represents about 10 per cent of total projected export income. Non-oil earnings have never before exceeded 3 per cent of total foreign currency income. Oil earnings have ranged from \$15,000 million-20,000 million since the mid-1970s. This year, they are expected to drop below \$10,000 million.

### Oil Slide May Affect Industry

A senior official has held out the prospect of industrial disruption and higher unemployment as a result of reduced oil revenues. The warning, the first to name

the industries at risk, comes from deputy labour minister Siavash Samiei.

"Problems might arise in some industries such as automobiles, home appliances and sectors of the chemical and textile industries," he said. But government measures will ensure that factories, "which face temporary interruptions due to a shortage of foreign exchange," are unlikely to be affected significantly.

One idea being considered by the authorities is to order some factories to switch to producing goods that require less foreign currency. Samiei is also quoted as saying that people who lose their jobs will receive compensation from the government.

A 50 per cent fall in projected oil revenues has prompted severe cuts in imports of goods and raw materials not afforded official priority. Independent observers predict that industrial output in the year started 21 March will decline compared with the previous year; unemployment will rise by about 10 per cent to roughly 2 million, or about 20 per cent of the workforce.

Other officials, such as majlis speaker Hashemi Rafsanjani, have conceded that there may be some shortages of goods in shops. But, he said: "We will never experience shortages of bread, rice, meat, fuel or other essentials." The "conspiracy to reduce oil prices," he added, will not break the back of Iran, which is better-placed than Iraq to withstand economic pressures.

## In Brief

● Most oil export operations have been shifted from Larak island to Sirri island because of heavy seas in the Strait of Hormuz, according to Gulf shipping specialists. The Larak terminal, in the strait, was opened recently to provide a safer alternative to Sirri. Loading is done from floating storage tankers; three of the five tankers at Larak have now been moved back to Sirri. The bad weather may last until late August. Western estimates put oil exports in July at an average 1.5 million barrels a day.

● North Korea can pay for \$170 million worth of unpaid oil shipments in quarterly instalments over five years, according to legislation approved by the majlis in late July. North Korea supports Iran in the Gulf war and is one of the country's main sources of weapons outside the black market. A government representative told the majlis that "special items from North Korea have been helpful on many occasions." However, one deputy who spoke against the bill said North Korea demanded cash payments — in dollars — for Iran's purchases. "How come (Iraq's President) Saddam Hussain borrows from every country and his debts are rescheduled, but we have to reschedule others'

debts while we are at war?", the deputy. Gholamhossain Naadi, asked. In July, the government rescheduled a \$65 million interest-free loan to Tanzania (MEED 26.7.86).

● The **National Iranian Tanker Company (NITC)** has bought two Kuwaiti-owned, Norway-registered tankers, the 300,078-ton ultra-large crude carrier (ULCC) Mozart and the 236,807-ton supertanker Zap, for use on the shuttle between Kharg and Sirri islands, according to press reports.

● **Lipton (India)** has a \$12 million order for 6 million kilos of tea. In early July, an Iranian team also placed orders for small quantities of tea with other companies, including **State Trading Corporation of India** and **Tea Trading Corporation of India**. The tea was sold for Rs 24-25 (\$1.95) a kilo — about 17 per cent less than the 1985 price of Rs 29-30 (\$2.35). Iran intends to buy 10-12 million kilos of Indian tea this year — just above half last year's total.

● A feasibility study is being completed on an \$18 million water pipeline between Bushehr and Kazeroun, Energy Minister Mohammad Taqi Banki says.

● White sugar production is projected to reach 800,000 tons in the 1986/87 crop year — maintaining the 10 per cent growth rate it registered the previous year. Annual domestic demand is 1.2 million tons.

● The **Pak-Iran** textile mill at Balejo, in Pakistani Baluchistan, is to be sold off. The mill is losing Rs 5 million (\$300,000) a month and has debts of Rs 1,670 million (\$100 million). The government has agreed to contribute \$2 million to revive the company if Pakistan puts up a similar sum. But Pakistan says the scheme is uneconomic. Iran has a 49 per cent stake in the mill.

● A trade team visited Karachi in late July to discuss the purchase of rice, wheat and fertilisers from Pakistan's **State Trading Corporation**.

● A senior French delegation arrived in Tehran in late July to follow up talks about repaying a \$1,000 million loan.

● The Atomic Energy Organisation of Iran (AEOI) has produced a radio-isotope drug, which it calls Tetrismium 99N, used by cancer sufferers. About \$2 million worth of the drug has been imported annually; the AEOI says it is already supplying 30 per cent of the market. It intends to install a cyclotron to produce other radio-isotope drugs.

● Karl-Erik Widell has been appointed president of **ASEA Iran Company** in Tehran.

● A Saudi-flag container ship was seized by Iranian gunboats on 28 July and detained for 24 hours, according to the vessel's owner, the Kuwait-based **United Arab Shipping Company (UASC)**. The 32,530-ton Al-Insaa was intercepted off the UAE, near the Strait of Hormuz, while sailing from the Saudi port of

Dammam to Europe. The navy regularly inspects ships near the strait to see if they are carrying military cargo for Iraq. In April, Iran confiscated a UASC cargo vessel, the 10,690-ton Ibn al-Bitar, which had been seized in November 1985.

● Iran could start exporting military skills to other countries and liberation armies, President Khamenei says. Addressing graduates at a military academy, he said Iranian soldiers have developed "entirely new methods, principles and tactics" during the Gulf war. For example, Iran has for the first time used armoured forces at night to destroy Iraqi units at Mehran. At another ceremony, majlis Speaker Hashemi Rafsanjani said a special airborne brigade has been created to fight behind Iraqi lines. The brigade has been collecting "knowledge about irregular operations from around the world," he added. Advertisements in local papers say volunteers for the brigade should have experience of two offensives, or six months' service in Kurdistan.

● A 30-ton-a-day ice factory started up in mid-July in Iraq's southern Fao peninsula, captured in February. The plant — which, with two mobile units, will supply ice to Iranian troops sweltering in 50°C heat — was opened by Industries Minister Gholamreza Shafei.

● Industrial and economic installations were damaged in late-July Iraqi air raids, according to claims from Baghdad. They are listed as the Arak aluminium plant, the Parchin munitions factory east of Tehran, the small Kermanshah oil refinery, a sugar mill in Dezful, the Soviet-built Ramin power station at Ahwaz, Haft Tappeh railway station and two railway bridges in the Taleh Zang area. Iraq also claims to have damaged a steel mill at Mobarakeh, south of Isfahan. Mobarakeh is the site of a planned steel mill; the only steel mill near Isfahan is a Soviet-built unit well north of Mobarakeh.

● Ambassador in Moscow Kia Tabatabai is being replaced at the end of his tour of duty. In late July, Tabatabai met Georgi S Tarazevich, a vice-chairman of the presidium of the Supreme

Soviet, the official Soviet news agency TASS reports.

● Ayatollah Hossain Ali Montazeri, Imam Khomeini's designated successor, has told government officials to deal moderately with the opposition and avoid using force. "We should not do something which might have the opposite effect and create further bad feelings among others," he told officials of the Information Ministry, Iran's central intelligence-gathering organisation. Montazeri said officials should realise that "not everyone's conviction is equally strong, and not all the people are true hezbollahis (devout Muslims). People should be treated moderately." Rejecting force as a weapon against corruption and vice, he added: "To drive society toward goodness, the culture of Islam should be strengthened. Nothing can be rectified by force and beating up people." Harsh and unlawful acts "only lead society to anarchy."

● The US has expelled Alireza Deyhim, a member of Iran's UN delegation, on charges of espionage. The State Department has not elaborated, but unnamed US officials allege Deyhim threatened an Iranian exile to force him to repay money taken for undelivered weapons. Iran has denied the allegation and accused the US of trying to put pressure on its UN diplomats.

● An Iranian-born California businessman has pleaded guilty to conspiring to export \$4 million worth of military radio parts to Iran without a licence from the US State Department. Khosrow "Simon" Shakib could face up to five years in jail. His accomplices, Steven Sanett — the owner of **Aero Electronics** — and Hormoz Hezar, had already pleaded guilty.

● The Iranian Wrestling Federation's supervisory board has been dissolved for allowing Iranians to compete against US citizens in the world youth championships. Iran's Sports Federation says the board violated instructions banning athletes from competing against the US, Israel and South Africa. The Iranian wrestlers won three of five contests against US opponents at the championships, held in West Germany in late July.

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CSO: 4600/487

IRAN

BRIEFS

TOLKUNOV RECEIVES DEPUTY FOREIGN MINISTER--Moscow, 5 Aug (TASS)--Lev Tolkunov, chairman of the Soviet of the Union of the USSR Supreme Soviet, today received representative of the Islamic Republic of Iran, deputy foreign minister Mohammad Larijani. The Iranian representative handed over a message from Iran's Islamic Consultative Assembly (parliament) Chairman 'Ali Akbar Hashemi-Rafsanjani to the chairmen of the chambers of the USSR Supreme Soviet. The conversation, held in a frank, goodwill atmosphere, was attended by Iran's charge d'affaires in the USSR, B. Kasemi. [Text] [Moscow TASS in English 0931 GMT 5 Aug 86] /9599

CSO: 4600/460



U.S. SAID ESCALATING HOSTILITIES IN AFGHANISTAN

BK091430 Islamabad THE MUSLIM in English 30 Jul 86 p 4

[Editorial: "A Positive Signal"]

[Text] Soviet leader Mikhail Gorbachev's announcement that the Soviet Union will withdraw six regiments from Afghanistan before the end of the year is a positive signal. Though it is a token gesture which will not affect the Soviet military presence, it is still a political initiative of real significance. Mr. Gorbachev has once again reiterated that all Soviet troops would be withdrawn once a political settlement is reached. His pronouncement should no longer be dismissed as a 'propaganda stunt' and an earnest effort should be made to reciprocate the gesture made by Moscow. There are clear indications that the Soviets are not only genuinely interested in bringing an end to the war in Afghanistan, but are also willing to pull out their troops.

Unfortunately, the Americans, despite paying lip service to a peaceful settlement, have been consistently trying to escalate hostilities in Afghanistan. They have also made it difficult for Pakistan to break the stalemate at the Geneva talks. Moscow's latest move should reassure our negotiators that the Soviets mean business, and instead of doubting their intentions we should earnestly make an effort to reach a quick settlement. The so-called hawks should be told that peace in Afghanistan is of paramount importance for the security of Pakistan and the policy of making the Russians bleed in Afghanistan can be counter-productive. Pakistan is committed to a political settlement of the Afghan problem and when the opportunity of achieving this goal seems at hand there should be no hesitation to seize it.

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CSO: 4600/459

PPP-MRD URGED TO AVOID CONFRONTATION WITH REGIME

Karachi DAWN In English 10 Aug 86 p 7

[Editorial: "Why This Battle of Wills?"]

[Text]

A WHOLLY unnecessary and potentially nasty row over the holding of public meetings in Lahore on August 14 has been allowed to crop up and engage the ruling Pakistan Muslim League and the eleven-party opposition alliance in what looks like a battle of wills. Hardly a desirable scenario for the thirtyninth anniversary of the nation's independence. The unfortunate controversy has been touched off by the Punjab Government's decision not to allow more than one meeting to be held in Lahore on that occasion and this, in the given circumstances, means the one being officially planned for the day at the Minar-e-Pakistan grounds. The Punjab Government would have good reason to refuse to allow another meeting to be held at the same venue if permission for one had already been sought and given, and the reason for doing so would be clear to anyone who is aware of the uneasy relations between the PML and the MRD. Indeed, the provincial administration would have been faced with a difficult problem if, along with the ruling PML, the MRD, too, had insisted on holding its Independence Day meeting at the Minar-e-Pakistan grounds, as one of its principal constituents

— the PPP had — originally planned to do. But that is not the case any more since the opposition alliance has changed its plan and wants to hold its meeting outside the Mochi Gate.

The plain fact is that the Punjab Government's decision not to permit any meeting other than the one to be held by the ruling party is wrong. It has no justification either in administrative exigencies or in the practice and tradition, generally followed in observing important national occasions such as August 14. For one thing, the distance between the Minar-e-Pakistan and Mochi Gate sites is enough to keep the two gatherings quite safely apart. Any apprehension of clashes between the participants of the two meetings is clearly unfounded. An element of risk, though, is always present when large meetings are held and processions taken out on the same day and the same place. Such risk-taking is part of political life. The obvious duty of the law-enforcing agencies in such situations is to adopt every precaution necessary to prevent any clashes or any threat to law and order — and not to take the line of least resistance by imposing undue

curbs on the programme of one or the other party. Besides, the occasion itself rules out any such approach, including any technical excuse that permission for the MRD meeting cannot be granted because it has not been applied for. Incidentally, the MRD Secretary-General, Malik Mohammad Qasim, has rebutted the official suggestion to this effect by claiming that a formal intimation about the planned Mochi Gate meeting of the MRD is already pending with the local administration. It would be imprudent to ignore the implications of not allowing the other meeting to be held. Apart from Malik Qasim, the veteran MRD leader, Nawabzada Nasrullah Khan, too, has felt irked by the unnecessary official fuss over the MRD's proposed meeting and has made it plain that the meeting would be held anyway. There have also been hints from some MRD quarters that the PML meeting at the Minare-Pakistan would be put at risk if the alliance was restrained from holding its own at the Mochi Gate.

Good sense lies in avoiding anything that might detract from the spirit and sanctity of the occasion that August 14 is, besides causing unnecessary

misunderstanding between the Government and the MRD. The point to stress, keeping every pertinent factor in view, is that no party or grouping, whatever may be its equation with the Government, must be unduly prevented from observing the independence anniversary according to its own lights in Lahore or anywhere else. What must be expected of such parties and groupings, however, is not to try to turn August 14 into an occasion for mutual recrimination and a free-for-all. That would be a huge lapse from propriety and the patently obvious, imperatives of that solemn occasion. Far worse would be for any organisation to plan to observe August 14 as a Black Day in a spirit of animus against the present Government and what is worse, in disregard of the popular sentiment and the sanctity that is attached to this important national occasion. Even a hint of any such negative approach is bound to be strongly resented by the people at large and there should be no mistake about this reaction. Whatever may be the lines of political division, no section of political opinion can be expected to countenance any attempt at using the occasion for narrow partisan political purposes.

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# MILITARY ACTION SUGGESTED TO END DACOITIES IN SIND

Karachi DAWN in English 10 Aug 86 p 8

[Text]

KARACHI, Aug 9: Lt-Gen. (Retired) Jahanzeb Arbab a former Governor of Sind, has said that there is only a 'military option' for putting an end to the armed dacoities and lawlessness in the jungles of the province.

Talking to this correspondent at a reception in honour of Mr Ghulam Mustafa Jatoi by a city industrialist, Mr Mohammad Hussain Dadabhoy, on Saturday night, he did not agree a suggestion that the police got the capabilities or necessary training to wipe out the dacoits in Sind.

The dacoits have better weapon system, they are armed with more sophisticated weapons than the police and it was not possible for the poorly trained policemen to

face the dacoits, Jahanzeb Arbab said.

The former Sind Governor said he knew the terrain of the province and knew most of the important and influential people and without their full support and cooperation the menace of dacoities and kidnapping for ransom could not be eliminate.

To a question, he said he has no plans to join politics or any of the political parties. "I have attended the reception because Mr Jatoi was my personal friend," he added. He said he recently visited his 'constituency' where he was offered a seat of the Senate which he flatly refused. Jahanzeb Arbab said he wanted to rest after living an active life.

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CSO: 4600/482

CAMPUS VIOLENCE: BAN ON WEAPONS URGED

Lahore VIEWPOINT in English 31 Jul 86 p 19

[Article by Hussain Naqi]

[Text] THE BAN on student unions and other organisations, which continues to be violated by one and all, has proved to be wholly counter-productive. The unions used to engage themselves in various extracurricular activities including debates, declamation contests, amateur theatre, social get-togethers, musical concerts, tableaux, dances, and so on. They also used to highlight the problems faced by the student community. Other student organisations helped organise the community on a larger scale and used to struggle for common causes.

Interest in politics

There is no denying the fact that the students, being educated, took interest in national politics and most of the student organisations had their sympathies with one or the other political party. There would have been little opposition to the students' political affiliations if the country had been run democratically. But this was not so and even political governments were not run democratically, nor were most of the political parties on democratic lines. Under such circumstances the activities of student unions and other organisations were not liked by the successive administrations. With the growing decay in political institutions over the decades and the rise of 'student power' internationally, especially in the Third World, the regimes also started taking interest in manipulating students who were

ready to serve their objectives for a price. Vested interest, local and foreign, also had their fingers in the pie. Since Pakistani rulers were soon roped into various military pacts and these pacts also took note of political and other developments in member-countries, the interests of the sponsor nations were given primary consideration in moulding the minds of the tiny but influential section of the people that were to lead or mislead their people.

As in the political arena, so in the student community, the most suitable virus — the so-called Islamic fundamentalism — was injected in the form of the Islami Jamiat-i-Talaba. It began with 'social work' among students and abhorred what it termed the 'agitational' activities of the mass of the student community. As authoritarian rule proved most fertile for the growth of the Jamiat, and as the ruling cliques' desire to suppress dissent grew, it did not take the Jamiat too long to adopt the path of violence. Its earliest armed groups emerged in East Pakistan and the services rendered by them to the oppressive vested interests were so 'valuable' that even during the 1972-1976 period 'awami rejas' were patronised by the Jamiat to counter the progressive students and teachers, especially in Punjab, till they joined the armed bands during and after the 1977 general election. From July, 1977, the Jamiat had the most outspoken patron-in-chief who

has praised the very same Jamiat stalwarts as 'ideal youth' who were involved in acts of terrorism in university campuses' other educational institutions. All manner of weapons including the dreaded Klashnikovs were available to them and were often used. Half a dozen, perhaps more, young lives were lost.

### MSF to the fore

As the other collaborators did not like the Jamaat to establish its hegemony and, in particular, the Muslim Leaguers among them could not let their 'A' team membership be downgraded, another group of militant and armed students started challenging the Jamiat and, at a couple of campuses, established its authority. The patronage granted to this group was not only visible but also quite discriminatory. In the circumstances, it was thought by the bureaucratic pundits to impose a ban on student unions and other organisations as more groups were found challenging those patronised by the 'A' and 'B' teams.

Since the withdrawal of Martial Law and particularly after the creation of the official Muslim League, the utility of students and other youth was greatly felt by gentlemen like Mr. Iqbal Ahmad Khan and Mr. Ghulam Hyder Wyne, who now hold the party's secretaryship at central and provincial levels.

Mr. Wyne has had an altercation even with jail officials about facilities for Muslim Students Federation leaders lodged in jail along with Jamiat boys. The discrimination in the arrest and release of the leaders and rank and file of the two organisations has created bad blood in the 'A' and 'B' teams, but the fact is that the 'A' team continues to be Muslim League and the Jamaat's chief patron has no option but to pocket it.

### Enter the PPP

Now with another factor added to the political situation and Punjab being the citadel of the PPP the problems for both, the student factions of the Muslim League and Jamaat-i-Islami are getting accentuated. The MSF boys, many of them having been fed on anti-Jamiat line, do not see eye to eye with each other in their approach to the PPP. On the other hand, the Islami Jamiat-i-Talaba is under pressure from the equally well-armed MSF and the general student community who lean towards the PPP and other progressive organisations on the other. Now the Islami Jamiat-i-Talaba is trying to play 'innocent' and 'victimised', despite its success in getting the arms dump of the MSF recovered from an Engineering University hostel even from a room belonging to the son of a lady MPA of the Muslim League.

While the matter was being hushed up by the administration under the obvious 'advice' system, the Jamiat broadcast it by bringing out a protest demonstration. But the MSF boys and weapons appear to be in need. You must have read about the firing of shots at Charing Cross when the PPP Vice-Chairman, Shaikh Rashid, was being brought in a procession from the airport.

### Plea to Government

One would like to implore the administration to do its duty by the people and recover in time all the arms from the Jamiat, MSF and other student bodies. It should act without discrimination if the desired results are to be achieved.

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COMMENTARY TALKS ABOUT IMPRISONED STUDENT LEADER

Lahore VIEWPOINT in English 31 Jul 86 p 21

[Text] IMDAD CHANDIO, Chairman of Democratic Students Federation (DSF), Pakistan, was arrested on March 31, 1981, for publishing and distributing "objectionable literature", including a pamphlet issued on Zulfikar Ali Bhutto's second death anniversary.

His case was linked to the Jam Saqi pamphlet case. Arrested with him were two other colleagues — Sher Mohammad Mangrio and Mohammad Khan Solangi. All three were convicted in November 1982 by a Special Military Court (No. 7) to seven years' rigorous imprisonment and ten lashes each. Imdad was a second year student of B.A. Honours in the Department of Economics, Sind University, at the time of his arrest. He was declared a Prisoner of Conscience by Amnesty International in 1982.

In the period leading to his trial, Imdad was subjected to what has

now become standard interrogation procedure of the investigating agencies. He was moved from one police station to another — often blindfolded; his hands were tied behind his back; he was suspended with tied hands from iron bars; right hand and left leg were hand-cuffed together; and other forms of physical and mental torture, including a threat to bring his mother and sisters to the police station, were inflicted on him.

The induction of the civilian Government has not terminated his captivity despite the fact that the term of his sentence is over and there are no pending cases against him. He continues to languish in jail like so many others wasting the most productive years of their lives.

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MUSLIM LEAGUE'S 'GREEN CARD'

Islamabad THE MUSLIM in English 2 Aug 86 p 3

[Text] Rawalpindi, Aug 1--Three PPP leaders today took strong exception to what they called government's plan to create a "cadre of toughs" to disturb the peace and create a law and order situation in the country.

The three, Malik Mairaj Khalid, Mian Ehsanul Haq and Nazar Husain Kiyani, said in a statement that the disclosure by Ghulam Haider Wyne, a Punjab Minister, that all those carrying official Muslim League's "Green Card" cannot be booked was "startling," indeed.

According to reports in the local newspapers the minister is reported to have said that no case can be registered against these "Green Card" holders without the permission of the Chief Minister.

The PPP leaders asked: Does this mean that these "hirelings" will be above law?

"If this is not," they asked, "what is 'goondagardi'?"

Such paid agents can never face the upsurge of the masses, they declared.

The three said that the people, their party and its chief, Benazir, would rule Lahore on August 14 next and if the government, through its agents provocateurs, tried to disrupt the PPP public rallies it would regret its action because the official Muslim League though secure on the lap of martial law the PPP and its leader Benazir rule the hearts of the masses.

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CSO: 4600/464

## COMMENTARY VIEWS MERGER OF LEFTIST PARTIES

Lahore VIEWPOINT in English 31 Jul 86 pp 5-6

[Text] ALTHOUGH differences over modalities and other technical disputes have interfered with the smooth merger of the four Left-orientated political parties whose leaders had been engaged in unity talks over many months, the Karachi convention marking the birth of the Awami National Party signifies a welcome step towards consolidation on the Left. It denotes a break from the past when centrifugal forces were rarely subject to any inhibition, and -- on account of ideological debates, personal sensitivities, or quarrels over tactics -- Leftist parties spilt frequently, and spent more time on fighting those who should have been their friends and allies rather than in identifying and combating their opponents. The present move in the opposite direction should, therefore, gain wide support among all honest Left parties; it should also revive active political interest among groups and individuals who had been driven away from the field by sectarianism or adventurism.

If the new party's collective leadership decides sensibly to work for a broad democratic front, it should be able to bring into its fold many of those who at this stage felt compelled, for varying reasons,

to stay away, as well as other splinter groups whose functioning in isolation from like-minded parties greatly reduces their effectiveness. It is, of course, most unfortunate that the original merger plan fell through, particularly since as a result its putative author Ghaus Bakhsh Bizenjo was absent from the Karachi inauguration and only dissidents from his party have joined the ANP. This denouement will deeply be regretted not only because of the PNP Chief's stature, but also because it means that Baluchistan's representation in the new party will remain weak for the present. Further, since no major question of political principle separates the ANP from the PNP and many other small parties, it would, in the wider common interest, be advisable for them to reconsider and revise their present positions in order to broaden the base for Left unity. It need hardly be said that the ANP leaders should keep their door ajar, so that all elements that adhere to common policies can ultimately get together. In the meantime, all concerned must avoid engaging in polemics that can only foster rancour and make vital future collaboration between them more difficult.

Everyone interested in rational politics will hope earnestly that the existing rifts can be repaired soon. Apart from other considerations, Pakistan has reached a pass where options of escape from major disasters are narrowing and a clear-headed lead is needed to steer the country to safety. Obviously, this can best be accomplished through the ANP and other Left parties playing their proper role as part of the national leadership. The multi-pronged crisis that Pakistan faces is not restricted to the question of the present regime's validity or the worth of its claim to rule the country until 1990. These are certainly important issues and must be dealt with without unnecessary delay; but in the meantime grave developments are overtaking the country. Its debt-burdened economy is steadily sinking, the terms of trade remain grossly adverse, and attempts to reduce the yearly imbalance of payments merely add to its indebtedness, whereas such cushions as hard-currency remittances from Pakistani workers in the Gulf are giving less support with every passing year. The large-scale return of workers from the neighbouring region and other States will increase unemployment and inevitably promote greater social unrest. Agriculture remains dependent on the vagaries of the weather, hence an uncertain factor, particularly in view of the water and power shortages. Then, for many years the present regime has been engaged in a two-front cold war, with Afghanistan and India. On the western front, the cold war phase has given way increasingly to border

clashes and cross-border firings, air-raids and bomb explosions. Since the recipes for these and other regional ills are concocted — or at least have to be endorsed — in Washington, there seems to be little chance of an early improvement in the grim, dangerous situation. At the same time, the governmental system installed, in order to rule out any possible change, has generated acute disaffection, particularly in the smaller provinces, because the people have been given no sense of participation in national affairs or even in decision-making at the provincial or local levels. The restricted, controlled apolitical elections make the possibility extremely remote that this system will ever give our people real satisfaction except, of course, to those who are its direct beneficiaries.

These and related crises cannot be allowed to fester without inviting the risk of implosions and attacks on the body politic. Since the Zia-Junejo Government seems blissfully ignorant of the impending crash, it is the duty of the main opposition parties to persuade or compel the regime to realize that its present ostrich-like posture can only invite a bigger catastrophe than its advisers are capable of forecasting. To accomplish this urgent task, the MRD must stop shilly-shallying, and start taking serious decisions on major issues; it must also be able to stop the bickering within its ranks over points of prestige or protocol. All component parties and their leaders must try to understand the full implications of the issues that Pakistan has to deal with. Accepting reality they must

realise that present trends must be reversed totally and speedily if the country is to avoid drifting over the brink; and also that no alien Power is going to come to Pakistan's rescue. In making it possible for the MRD to tackle these essential tasks, the Left must help to evolve policies and a plan of action that will make the difference between passivity and active initiative leading to political change.

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## JUNEJO TALKS ABOUT SOCIOECONOMIC DEVELOPMENT

BK081200 Karachi Domestic Service in English 1005 GMT 8 Aug 86

[Text] The prime minister, Mr Mohammad Khan Junejo, has reiterated his government's resolve to achieve all-round progress in the country by bringing the backward areas at par with the developed regions. Inaugurating a gas supply and distribution project in Mirpur Khas today, he said the problems facing the country would be solved through a well-defined comprehensive program. The prime minister said his 5-point program, which will be implemented in the next 4 years, is aimed at achieving this objective. He said that his government, which came into power with the support of the people in a fair election, had given priority to the development of the backward and under-developed areas.

The prime minister said that an extensive program of research and development of the country's oil and gas resources has been launched and efforts were being made to increase the production of oil to reduce the country's dependence on imports and save valuable foreign exchange. The prime minister also referred to the problems of waterlogging and salinity and hoped that the [river Indus] left bank outfall drain project would help in mitigating this problem in Khairpur, Nawab Shah, Sanghar, and Tharparkar districts.

About the lack of employment opportunity for educated youths, Mr Mohammad Khan Junejo said although it was a universal problem, his government had already drawn up a comprehensive program to create new jobs and the youths would soon be able to get jobs. The prime minister said he was happy to launch the gas supply and distribution project for Mirpur Khas. He hoped that the extension of gas transmission to that area would promote its economic development.

Radio Pakistan's representative says it rained in Mirpur Khas and adjoining areas this morning and started raining heavily again after the prime minister formally inaugurated the gas supply project by welding a gas pipeline and unveiling a plaque at the gama stadium. Earlier, on his arrival at the Mirpur Khas airport this morning, the prime minister was given a warm welcome. He was accompanied by the Sind chief minister, Syed Gajis Ali Shah.

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# CELL SET UP FOR JUNEJO'S 5-POINT PLAN

Karachi DAWN in English 9 Aug 86 p 6

[Text]

KARACHI, Aug 8: A nine-member cell with joint chief economist, Syed Azizullah, as its convenor, has been set up in the Sind planning and development department for the successful implementation of the prime minister's 5-Point Socio-Economic development programme in Sind province.

The functions of the cell will be:

- To coordinate with the federal and provincial governments regarding the implementation of the prime minister's programme on the guidelines issued by the planning commission.
- To coordinate between the provincial departments dealing with the prime minister's programme and assist in preparation of portfolios of schemes/master plans in related sectors;

- To prepare pre-budget and post-Budget analytical reports on sectoral allocations and utilisation of funds;

- To prepare position papers-/summaries/working papers of high powered bodies/committees and monthly progress reports for the planning commission to review the progress of implementation of work;

- To evaluate the development work carried out from time to time;

- To collect material and statistical information on the related sectors for proper and realistic planning;

- To establish coordination with public representatives for identifying development schemes; and

- To project and publicise properly the schemes selected under the prime minister's programme.

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CSO: 4600/482

## STUDY REPORTS ON REASONS FOR BACKWARDNESS

Karachi DAWN in English 10 Aug 86 (Business Supplement) p 1

[Article by I.H. Rashid]

[Text]

LAHORE, Aug 9: Pakistan has so far been importing industries and plants but not the technology with the result that the items it has been importing since decades can still not be manufactured locally.

On the contrary, because of its failure to set up an indigenous base for advanced technology and sophisticated industries, its reliance on the import of capital goods is increasing with the passage of time.

This has been stated in a study report prepared by an official experts group for the UNESCO.

Lack of will to take off, absence of element of research, development and duplication in the existing industry and unwillingness of the suppliers of technology to have it indigenised, are the major reasons listed in the report for non-transfer of technology or the facilities for local manufacture of capital goods. Once these reasons are removed "Pakistan's progress in sophisticated technologies should be phenomenal," the report adds.

The report cites the example of chemicals, drugs and medicines, chemical fertilisers, electrical goods, transport equipment, dyes and colours, iron and steel goods and paper board and stationery the imports of which have increased many times by now. Had their technology been transferred to

Pakistan, it would have been capable to manufacture all these things locally, one of the four members who prepared the report, told "Dawn" here on Saturday.

According to the report, Pakistan imported chemicals and fertilisers worth Rs. 91 and 282 million respectively in 1969-70 which shot up to Rs. 3,035 and 1,539 million in 1983-84. Similarly, the transport equipment which was imported to the tune of Rs. 340 million in 1969-70 swelled to Rs. 4,061 million during 1983-84. Non-electrical machinery was imported for Rs. 709 million in 1969-70 while the figure shot up to Rs. 6,926 million during 1983-84. The position of many other items, too, is not different.

Infrastructure: The report says there has been a gradual, albeit slow, build up of the infrastructure for science and technology effort during the last 37 years but the efforts did not yield commensurate results, "largely due to lack of requisite support at high policy making levels and paucity of financial resources." The science and technology manpower engaged exclusively in research and development activities hardly exced 5,000, including manpower from all the higher institutions of learning and research and technology in the country.

Isolation of scientists in the existing set-up is perhaps the single

most impeding factor in the building of indigenous development. Moreover, the report continues, the interaction of the university scientists and those working in other government institutions is minimal and consultations between the scientists and government planners or the scientists and industry are infrequent.

Lack of coordination between ministries of production and science and technology, lack of attention by the universities for the project-oriented research, lack of proper planning and coordination, non-availability of research data, undue reliance on the wholesome import of technology, and over-emphasis on the bureaucratic rules, are some other reasons cited for the scientific and technological backwardness of the country.

**FOREIGN LOANS:** According to the report, even the foreign loans and investment have not helped much in the attainment of technology. Since 1950, total debt contracted by Pakistan amounted to 24.1 billion dollars, an average of around 700 million dollars per year. Except for 1.6 billion dollars meant for balance of payments support, the remaining 22.5 billion dollars (93 per cent of the total) were tied to specific projects or commodities.

According to the report, the United Kingdom is the largest supplier of industry to Pakistan, followed by USA, France and West Germany. The industries supplied by these countries are mainly related to chemicals, pharmaceuticals, fertilisers, textiles, food, tobacco and beverages.

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CSO: 4600/483

# MINISTER TERMS FOREIGN DEBT 'HEAVY BURDEN ON POSTERITY'

Karachi DAWN in English 11 Aug 86 (Business Supplement) p I

[Text]

ISLAMABAD, Aug 10: The Federal Finance Minister, Mian Mohammad Yaseen Khan Wattoo, while inaugurating the third annual general meeting of Pakistan Society of Development Economists here today, said that the country's backlog of external debts "of over 14 billion US dollars constitutes a heavy burden on posterity, whose freedom of choice will be severely limited".

Expressing concern over the country's current tax efforts, he said it amounted to about 13 per cent of the GNP, while in the lower middle income countries, on an average "it amounts to 19 per cent of their GNP."

He warned that without ensuring increase in the tax-GNP ratio, any step taken to reduce the rates of income and corporate taxes for stimulating economic activity would prove counterproductive, further reducing the share of direct taxes in total taxes.

He emphasised that a more broad-based tax system, in which each sector made an adequate contribution, was required for mobilisation of domestic resources.

**EXPORT SECTOR:** While commending the performance of export sector in recent years, the Finance Minister, however, pointed out that the situation was far from satisfactory "as our imports still exceed exports by a large amount."

He further said that even if our exports rose faster than imports, a favourable balance of payments may still not be achieved for a long time to come. He expressed his concern over the disproportionate growth of the services sector,

which, he added, now contributes almost 54 per cent to the GDP, as compared with only 45 per cent in 1969-70.

Correspondingly, he said, the share of the commodity producing sectors in the GDP declined from 55 per cent to about 46 per cent during the same period and added that this was not a healthy sign for the long run growth prospects of medium-sized economy, like ours, which, among other things, he added "imparts an inflationary bias to the growth process".

**FARM SECTOR:** He said that Government's efforts in the agricultural sector have been crowned with success, but added that agriculture in Pakistan still remained precariously dependent on weather conditions and "low productivity, and inter-crop imbalances compromise our agricultural possibilities and the supply of vital agricultural inputs is still far below our requirements."

He said that under the Prime Minister's Five-Point Programme, economic growth strategy has been made part of an integrated action plan to ensure the creation of a just and equitable society.

He further added that the Five-Point Programme gave top priority to promotion of Islamic values, reduction in unemployment, development of education and training, maintenance of law and order, dispensation of justice, establishment of the supremacy of law and creation of a strong defence.

**LITERACY:** He said that the 26 per cent rate of literacy in Pakistan "places us at the bottom of the

Third World countries" and in this respect he added: "We are in the company of such countries as Bhutan, Nepal and Afghanistan."

He further said that "our enrolment ratio of 56 per cent for primary education is the lowest in South Asia and far below the average of 94 per cent for the LDCs taken together".

He said while many developing countries were spending 3 to 6 per cent of their GNPs on education annually, Pakistan's annual expenditure on education during the past decade has been only 1.8 per cent and added: We cannot be proud of our neglect of this vital sector."

He promised that under the Prime Minister's programme, the rate of literacy in Pakistan would be raised from 26 per cent to 50 per cent by 1990.

#### **ISLAMISATION PROCESS:**

With regard to Islamisation process, the Federal Finance Minister said that the dictates and meaning of Islamic ethical norms must be

reinterpreted in the broadest possible terms, eschewing dogmatism and narrowmindedness.

Secondly, he said that the divine laws of Adl and Ihsan commanded universal acceptance and added that while Adl enjoined a delicate balance between consumption, production and distribution in the economic universe, Ihsan prescribed that the needs of the least privileged in the society must take precedence over all else.

**GUIDING PRINCIPLE:** Thirdly, he said that the guiding principle of the process of Islamic institution would be to think of ways and means of minimising Zulm, which he described as "a gross imbalance of socio-economic forces in society."

In conclusion, he said: As we wrestle with the past and try to reshape our destiny to carve out the contours of a new social equilibrium, we must replace outdated growth prescriptions by new ones that aim at an all round development of the society."

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FARM CREDIT REPORTED TO COVER 4000 VILLAGES

Karachi DAWN in English 9 Aug 86 p 6

[Text]

ISLAMABAD, Aug 8: As many as villages of the country are being provided with the agriculture loan facilities through 1200 mobile credit officers by Agriculture Development Bank of Pakistan, according to an ADBP report.

In the year 1979, Mobile Credit Officers scheme was launched by the bank to introduce supervised agricultural credit system and to reach out to the small farmers in all the nooks and corners of the country. Under this scheme young and energetic agriculture graduates and post graduates with rural background were recruited, intensively trained and attached to the bank branches for field operations.

Each mobile credit officer is allocated around 25 villages. He visits to villages, discusses the feasibility

of their credit proposal with them on their farms, sanctions their loans at the spot (or have it sanctioned from manager, regional manager, head office, if it is for large amount), and ensures that the loan is actually utilised for the purpose for which it was taken and result in increasing the productivity of the farm and the income of the farmer.

The scheme has proved very successful. It has been repeatedly acknowledged by State Bank of Pakistan and Government of Pakistan. The rest of banking sector in the country has also been directed to replicate this scheme in order to effectively reach and serve the small farmers scattered over thousands of villages in Pakistan.

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PAKISTAN

BRIEFS

NEW AMBASSADOR TO SYRIA--Damascus, 9 Aug (SANA)--Foreign Minister Faruq al-Shar' received here today Ashraf Jahangir Gazi, the new Pakistani ambassador, and a copy of his credentials as his country's ambassador to Syria. [Text] [Damascus SANA in Arabic 1310 GMT 9 Aug 86 JN] /8309

MOROCCAN SPECIAL ENVOY DELIVERS LETTER--A special envoy of King Hassan II of Morocco, (Dr 'Abd al-Hadi Retalid), delivered to the prime minister, Mr Mohammad Khan Junejo, a letter from the king in Rawalpindi this afternoon. They also discussed matters of mutual interest. The prime minister said Pakistan and Morocco had close fraternal relations and he expressed the hope that King Hassan would visit Pakistan at his convenience. He also asked the special envoy to convey his personal greetings to the king. [Text] [Karachi Domestic Service in English 1700 GMT 11 Aug 86] /8309

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Oct 8, 1986